

ECKOH plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024



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ECKOH PLC STRATEGIC REPORT

HIGHLIGHTS OF THE YEAR

Eckoh plc (AIM: ECK), the global provider of Customer Engagement Data Security Solutions, is pleased to announce its full year audited results for the year ended 31 March 2024.

<i>£m unless otherwise stated</i>	FY24	FY23	Change
Revenue	37.2	38.8	-4%
Gross profit	31.0	31.2	-1%
Total ARR^{1,2}	30.8	30.4	+1%
North America Secure Payments ARR (\$m)¹	16.8	15.9	+6%
Adjusted EBITDA³	10.2	9.4	+8%
Adjusted operating profit⁴	8.3	7.7	+8%
Profit after taxation	4.5	4.6	-2%
Basic earnings pence per share	1.56	1.58	-1%
Adjusted earnings pence per share⁵	2.20	1.98	+11%
Net cash	8.3	5.7	+2.6
Proposed final dividend (pence)	0.82	0.74	+11%
Total contracted business⁶	52.6	34.5	+52%
New contracted business⁷	18.7	14.4	+29%

Financial highlights

- Record level of total contracted business⁶ at £52.6m, up 52% (FY23: £34.5m), driven by strong multi-year renewals and in strong new contracted business in H2. New contracted business increased by 29% to £18.7m (FY23: £14.4m)
- Record new business contracted in North America for Security Solutions, up 44% to \$16.8m (FY23: \$11.3m)
- Group ARR¹ £30.8 million, up 1% year-on-year or 3% at constant currency
- North America Security Solutions ARR¹ up 6% to \$16.8m (FY23: \$15.9m), which represents a CAGR of 27% since FY21 and with the new business contracted in H2 but not yet live this represents a further 14% of growth
- Group revenue £37.2m, (FY23: £38.8m), down 4% largely because of the timing of the new business wins and the ongoing transition of clients to the cloud, which removes hardware fees and reduces set up costs
- Gross profit margin 83% (FY23: 80%), an increase of 290bp
- Adjusted operating profit⁴ up 8% to £8.3m (FY23: £7.7m), this includes a £0.1m FX loss versus a FX gain of £0.5m in FY23, a 17% increase year-on-year pre-forex
- Continued improvement of adjusted operating profit margin driven by the cloud transition and operational efficiency, increasing by 250 bp to 22.4% (FY23: 19.9%)
- Group recurring revenue increased to 84% (FY23: 80%), reflecting strong renewals and the cloud transition
- Recurring revenue in North America increased to 82% (FY23: 76%) and to 86% (FY23: 83%) for UK & ROW
- Strong cash generation with net cash position ahead of market expectations at £8.3m (FY23: £5.7m), up £2.6m
- Eckoh's balance sheet remains robust, with no debt or drawdown on credit facilities
- Proposed final dividend of 0.82p per share (FY23: 0.74p), demonstrating the Board's confidence in the significant growth opportunity

- ARR is the annual recurring revenue of all contracts billing and contractually committed at the end of the period.
- Included within ARR is all revenue that is contractually committed and an element of UK&ROW revenue that has proven to be repeatable, but not contractually committed.
- Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation of owned and leased assets, amortisation, expenses relating to share option schemes and exceptional items.
- Adjusted operating profit is the profit from operating activities adjusted for amortisation of acquired intangible assets, expenses relating to share option schemes and exceptional items.
- Adjusted earnings per share and adjusted diluted earnings per share uses the adjusted operating profit and applies a normalised tax rate to both years of 25%.
- Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients.
- New contracted business includes new business from new clients and new business from existing clients, including product upsells and cross-sells.
- Eckoh believes that consensus market expectations for the year ending 31 March 2024 is revenue of £38.9 million, adjusted operating profit of £8.2 million and cash of £8.2m.

Strategic highlights

- Our drive to transition clients to cloud-based SaaS solution model continues successfully:
 - Delivering cost efficiencies, improving operating margins and quality of earnings
 - Group ARR now represents 83% of Group revenue, a 5% increase on the prior year (FY23: 78%)
 - 100% of all new client wins were for cloud deployment (first ever cloud deal was FY20)
 - Positive reception from new and existing clients to the expanded Secure Engagement Suite, with new clients contracting for multi-products alongside successful upsells and cross-sells to our existing clients
- New global commercial strategy focussing on the North American addressable market is delivering clear benefits:
 - Record North American new business up 44%, with several key deals closed in H2
 - Record North America pipeline includes several contracts where Eckoh is selected vendor, but longer than expected sales and contracting cycles are delaying completion and therefore revenue
 - Record level of client renewals include a majority of multi-year renewals, enabling future expansion
- Notable new business wins include:
 - a 5-year contract with a US travel technology company that has multiple global online brands
 - a 5-year healthcare contract with a leading US homecare business
 - a 3-year contract with a Fortune 500 office supplies retailer
 - a 3-year contract with a UK-based media and telecoms company deploying into Amazon Connect
- The new PCI DSS v4.0 regulation, which was effective from April 2024, has increased complexity and cost of compliance for merchants and we are already seeing tangible signs of the impact the standard is having

Current trading and Outlook

- The Board is confident of progress in the year ahead and the following underpins the expected growth in FY25:
 - The business is optimally positioned as market leader for an increased outsourcing trend driven by regulatory change (PCI DSS v4.0), increasing complexity and security challenges for businesses
 - We expect new business coming from existing client to grow significantly with the new product set and increasing interest in AI bots for contact centres provides a further opportunity for growth
 - The business continues to benefit from the transition to a SaaS business model and cloud deployment with further operating profit margin improvements expected
- Overall, a positive start to the year with £8m+ of total contracted business signed year to date

CHAIRMAN'S STATEMENT



I am pleased to report on the results for the financial year to March 2024. The business delivered both adjusted operating profit and cash marginally ahead of market consensus, with revenue slightly behind market expectations. The revenue for the year was impacted by the timing of the new business, which was largely contracted in the second half of the year. It led to the Company's largest ever order intake with the first half dominated by renewals and the second half dominated by new contracts with large enterprise organisations.

Results

Total revenue for the year was £37.2 million, a decrease year-on-year of 4% (FY23: £38.8 million) or 3% adjusting for constant exchange rates.

Adjusted operating profit was £8.3 million, an increase of 8% (FY23: £7.7 million). Adjusted operating profit margin has increased to 22.4% up from 19.9% the previous year, as a result of the continued move of new business to the cloud and the operational leverage that is achieved with this new business. Adjusted earnings per share at 2.20 pence is a year-on-year increase of 11% (FY23: £1.98 pence recalculation for tax rate at 25%).

Group and North America Security Solutions ARR¹ has increased with group ARR at £30.8 million as at 31st March 2024, a 1% increase year-on-year (FY23: £30.4 million). The North America Security Solutions ARR is \$16.8 million, an increase of 6% from the same time last year (FY23: \$15.9 million), however, when taking into account the contracts signed in the second half that are expected to commence billing in the first half of FY25, that growth rises a further 14%.

Profit after tax was £4.5 million (FY23: £4.2 million), this is after exceptional costs for restructuring of £0.5 million (FY23: £nil), exceptional legal fees and settlement agreements of £1.3 million (FY23: £203k) and a tax credit of £1.1 million (FY23: tax charge £383k). The exceptional costs for restructuring resulted in a cost saving in last financial year of £1m and a further cost saving benefit in FY25 of £1m, in total a cost saving of £2m as previously disclosed as the business focuses on our Secure Engagement solutions.

The Group continues to have a strong balance sheet with a year-end net cash balance of £8.3 million (FY23: £5.7 million).

Going Concern

The Board has carried out a going concern review and concluded that the Group will generate adequate cash to continue in

operational existence for the foreseeable future. The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. In all scenarios tested, the Directors were able to conclude that the Group will generate adequate cash to continue in operational existence for the foreseeable future. Further information is included in the Directors' Report on page 38.

Dividend

The Board has increased the proposed dividend by 11% to 0.82 pence per share (FY23: 0.74 pence per share).

Board

During the financial year ended 31 March 2024, David Coghlan, a Non-Executive Director and Chairman of the Remuneration Committee, resigned on 12 February 2024. Since his resignation, and whilst we actively recruit for a Non-Executive Director I have replaced David as Chair of the Remuneration Committee. On behalf of the whole Board and the team at Eckoh I would like to thank David for his substantial contribution to the Company over the past seven years. Full details of the current Directors are on page 25.

Corporate Governance

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group's size, risk, complexity and stage of maturity. In the Governance section of this report on page 26, we outline the Company's approach to Corporate Governance and how we have complied with the QCA code. The Board considers that it does not depart from any principles of the QCA code.

Over the last year, we have focused on our Environmental, Social and Governance strategy (ESG) and I am pleased our sustainability report on pages 17 to 20 reflects the progress we have made. It details the four key strategic areas, the objectives set, and the targets we have delivered in the financial year to March 2024.

Full details of the Company's Principal Risks and Uncertainties are on page 23 to 24.

People

We would also like to thank all employees for their continued commitment and resilience through what has been a busy period. Over the past year the Global Commercial team, Sales, Marketing and Client Services embraced the changes and moved to the Global structure with their key focus the North American market. The collaboration across the technical team continues to deliver product enhancements for our clients and the multi-cloud capability.

The whole Board plan to attend the AGM on 12 September 2024 and we look forward to the opportunity to meet with as many Shareholders as possible on the day.

Christopher Humphrey

Chairman

10 June 2024

Chief Executive's Review



I am pleased to report another significant and positive year for Eckoh, with our strategy to become a cloud-first SaaS solutions provider continuing to make good progress. Our first half was all about excellent multi-year contract renewals, and the second half was about new business wins resulting in a record level of total contracted business at the year-end of £52.6m, up 52% (FY23: £34.5m). We also generated record levels of new business in North America, validating our decision to focus on that key market.

This year was notable for being the first time that 100% of our new client contracts were for cloud delivery. It has taken since FY20 to move from an entirely on-premise client base to one which is now largely cloud. The ongoing transition will continue to deliver benefits and enhance our business model, further enhancing levels of recurring revenue and our revenue visibility, improving our gross profit margin and enhancing our operational efficiency as demonstrated by our adjusted operating profit margin improving 250 basis points to 22.4% for the year.

Momentum is building in our key North American market. The new business contracted in North America in H2 demonstrated the strong pipeline we had, and continue to have, in this key market and underpins the expected growth of the business as we move into the new financial year.

Background to our proposition

At Eckoh, we're on a mission to set the standard for secure interactions between consumers and the world's leading brands. Companies today need to provide an exceptional customer experience with a frictionless and secure payment or process journey. Every interaction or transaction should be secure. We make sure that happens through our innovative products which build trust and deliver value through exceptional experiences.

We're trusted by well-known global brands, predominantly from the retail, healthcare, telecoms, financial services, utilities, and travel sectors, to help process customer enquiries and payments that occur through their contact centres. Our secure engagement solutions help protect sensitive customer data and can be utilised over any common customer engagement channel (voice, live chat, messaging, email, social channels, etc.) and via any device the customer chooses.

The pandemic was a catalyst for the rapid evolution of the contact centre industry to a predominantly remote or hybrid-located workforce. This has brought new levels of flexibility to the delivery of these services for businesses, but also major security challenges, which has in turn created a further compelling growth driver for Eckoh.

More recently there has been much debate about the role that AI and in particular 'conversational bots' will play in the evolution of the contact centre industry and the way that customers will engage in the future. We see this as an opportunity rather than a threat, as our technology works just as effectively with a bot as it does with a human providing the necessary security that will still be required to manage sensitive data shared with this technology.

Our philosophy when it comes to data security is that the best way to protect your data is not to collect it. Many of the most sensitive engagement processes, especially taking a payment itself, do not require the enterprise to collect and store data. If the process can be performed without doing this, then this removes the risk of breach for our client or fraud for the customer. This is our specialism and an approach for which we have a growing portfolio of patents.

A clear growth strategy

We have made excellent progress during the year with our strategic objectives, which reflect our ambition to be the global leader in Customer Engagement Data Security Solutions.

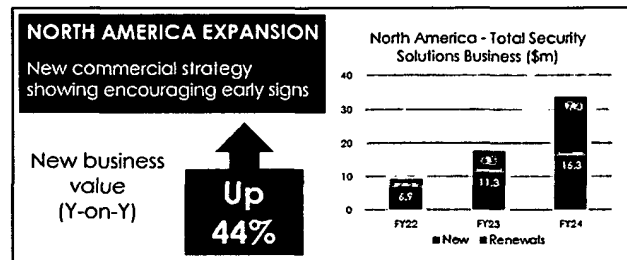
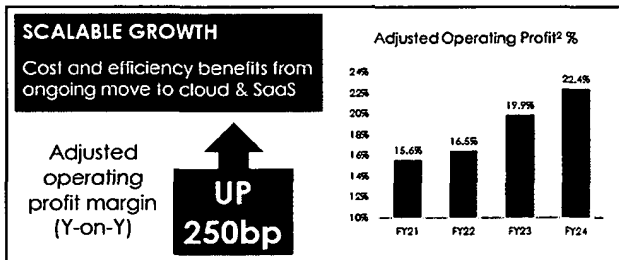
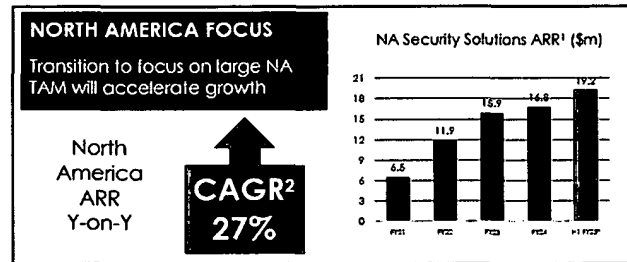
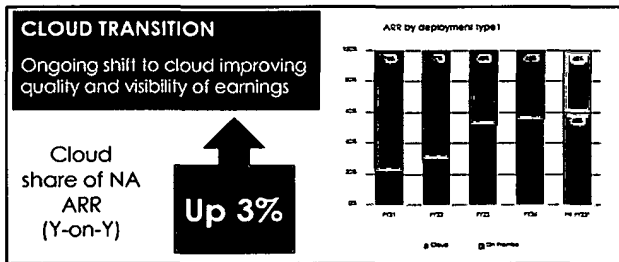
New commercial strategy the right move and successful launch of Secure Engagement Suite

A year ago, we combined our commercial teams based in the UK and US to focus almost entirely on the North American territory, where we have the largest addressable market and a significant opportunity for continued strong growth. Our estimates are that the addressable market in North America is around 15 times that of the UK and given the average contract value is significantly higher this makes the differential even greater. It therefore seemed sensible to pool our resources to address the largest opportunity in the most effective manner.

We introduced multiple products into the North American market for the first time in FY24, with the launch of our Secure Engagement Suite, which is delivered through our cloud platforms. This new go-to-market approach is still in the early stages but is already delivering tangible results, as demonstrated with the record levels of new business and the success in procuring multi-year renewals with some of our largest clients.

Given the H2 timing of a large proportion of the new business in the year, the revenue from this new contracted business is not yet visible in the reported revenue, but it can be seen in our Annual Recurring Revenue. North America ARR¹ as at 31 March 2024 was \$16.8 million (FY23: \$15.9 million), a year-on-year increase of 6%. However, if the new business contracted in H2 is included (as it is scheduled to go live in H1 FY25), it represents a further 14% of growth with ARR expected to increase to \$19.2 million.

Strategic Progress in FY24.



1. Based on new business already contracted expected to be billing by 30 September 2024

2. CAGR FY21 to FY24

- **Cloud-first** – the share of ARR in the North American (NA) market coming from cloud deployments grew to 55% in the year and by the half year in September 2024 we expect this to reach 60%. 100% of all new client deals won in FY24 were for cloud deployment.
- **Expanding existing clients** – the new commercial strategy is showing encouraging signs with increasing levels of cross-selling and upselling to existing clients and the highest level of multi-year renewals ever achieved. This provides a strong platform to develop client relationships over time, expand into other parts of their business and bring new products to the table.
- **North America focus** – the strategic decision to focus our commercial resources on the North American market is validated by the 27% CAGR in ARR achieved from FY21 to FY24. With ARR expected to reach \$19.2m by H1 FY25 (based on contracts already signed) and a record sales pipeline.
- **Scalable growth** – the cost and efficiency benefits from our ongoing move to cloud and SaaS solutions is driving improved adjusted operating profit margins with an underlying improvement of 250 basis points to 22.4%.

Continued innovation and expansion of our platforms and product offering

During the year we have expanded our **Secure Voice Cloud** platform globally to support our international clients, launching our first dedicated Asia-Pacific Secure Voice Cloud platform in Sydney.

Our unified team developed the new **Secure Call Recording** solution using the cloud-native methodology and technology that we implemented some years ago. This approach has not only reduced the time it takes us to launch new solutions, but it has simplified the process of continual development and sped up the addition of new features. It also enables us to automatically scale up or down the size of our cloud platforms, responding instantly to changes in demand from our clients, leading to optimum operational performance and cost to serve.

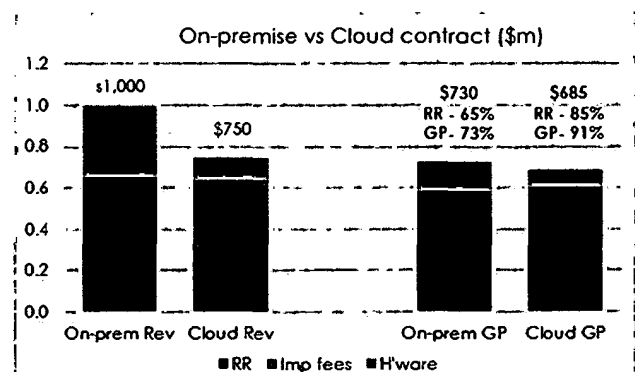
We are excited by the growing proportion of cloud deployments secured in the North American market. The share of North America ARR from cloud revenue is now 55%, and by the end of H1 it is expected to reach 60%.

Eckoh is on a mission to set the standard for secure interactions between consumers and the world's leading brands. We have made clear progress this year on our strategic pillars outlined below, taking us closer to achieving this overall goal.

Use cloud technologies to develop and enhance our proprietary solutions to support scalable growth

The procurement of data security solutions globally will only increase, and our focus is to continue investing in our Secure Engagement Suite and cloud platforms to support the growth from our largest territory and strategic focus, North America. Our market leadership lies in our ability to offer our clients a choice of cloud platform and to deliver multiple complementary SaaS solutions without any additional deployment effort or complex integrations.

This graph illustrates the difference between a contract where the solution is deployed on-premise versus the cloud. Whilst the total revenue is lower for a cloud deployment, the recurring revenue, gross profit margin and operating margin are all higher and it is more operationally efficient to deploy.



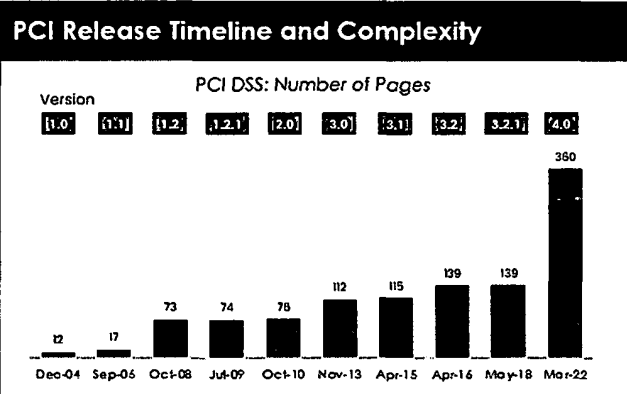
During the financial year, 100% of contracts won in North America were for cloud deployments. In addition, for the clients whose contracts were renewed during the financial year, five of them renewed to move to the cloud as part of the renewal and a number requested an option to migrate to the cloud during the new multi-year renewal term. While cloud deployment is a key goal and advantage, many of the largest enterprises, especially those in North America, may still take several years to achieve that objective. Retaining the capability to deploy as required in a client's own data centre and environment, and then migrate those accounts to a cloud solution at some later point, continues to give us a tactical advantage over our competitors.

Capitalise on external global market trends and regulations to help protect customer data through continual innovation

The implications of the new Payment Card Industry Data Security Standard v4.0

One of the key drivers for the adoption of our solutions is the Payment Card Industry Data Security Standard ('PCI DSS'), which all merchants need to comply with to help protect their customer's payment data, to avoid higher payment processing charges and to reduce the risk of substantial fines. Eckoh has maintained continual PCI DSS compliance at level 1, the highest level, since 2010.

The PCI DSS has evolved over time to try and address the ever-increasing threat of fraud and hacking. The most meaningful change to the standard since 2016 came into force from April 2024, when v4.0 became applicable. From this date, any organisation that is audited for compliance with the Standard (this security audit has to occur every year) will be expected to comply with the new regulations that were first published in March 2022. Further additional changes will come into force in 2025.



In the graphic above, it is clear how significant the level of change is, with the number of pages in the Standard rising from 139 to 360. There are 60 new requirements that have been added, and 71 that have been changed in v4.0. The implication for merchants is that this increase in complexity will drive up compliance costs and increase the resources required to complete 'business as usual' processes. It is also probable that a percentage of companies will fail their audits due to the scale and challenge of the changes. With PCI DSS still being the regulation that drives most sales conversations for Eckoh, it is anticipated that the challenges (and increased risk) associated with implementing v4.0 by merchants will lead to an increase in sales opportunities for Eckoh's solutions.

Shift to home-based agents creates new data security challenges, driving significant new opportunities

The global contact centre industry remains extremely large, representing around 4% of the entire workforce in both the UK and US markets. Despite the introduction of new technology and customer contact channels over the past 20 years and an increasing drive by companies to try and move interactions to digital channels away from voice, the size of the industry has changed relatively little.

In the key US market, Contact Babel estimates that the number of agent positions will only decrease 1% by 2027, representing only 35,000 agents. (Source: "US Contact Centers: 2024-2028").

Vertical market	Agent positions (2023)	Agent positions (2027)	Compound annual growth rate (CAGR)
Outsourcing and Telemarketing	592,500	625,000	1.3%
Finance	497,500	480,000	-0.9%
Communications	400,000	391,500	-0.5%
Retail and Distribution	397,500	372,500	-1.6%
Services	382,000	385,000	0.2%
Public Services	325,000	317,500	-0.6%
IT	294,000	290,000	-0.3%
Insurance	252,000	250,000	-0.2%
Healthcare	199,500	207,500	1.0%
Transport and Travel	161,500	158,500	-0.5%
Manufacturing	157,000	152,500	-0.7%
Utilities	151,500	145,000	-1.1%
Total	3,810,000	3,775,000	-0.2%

Voice remains resolutely the dominant channel of choice for customers, especially in the US, where in 2023 it represented 63.7% of all interactions. This is forecast to only fall by 1.6% in the coming 4 years, even with the prospect of increasing use of conversational bots.

The fastest emerging channel is webchat which is forecast to grow to 10.6% of all interactions by 2027, largely at the expense of email which suffers from being a less immediate channel for assistance. Our ChatGuard product facilitates the ability to take payments securely within this channel of choice in the same way that CallGuard does in the voice channel, and we see this as being a naturally complementary product for any client who operates the chat channel. What is interesting is how few organisations initially approach chat as a sales channel, focusing primarily on it as an assistance tool for the customer. The advent of ChatGuard unlocks the sales value providing a safe and secure environment for the agent and customer to transact successfully.

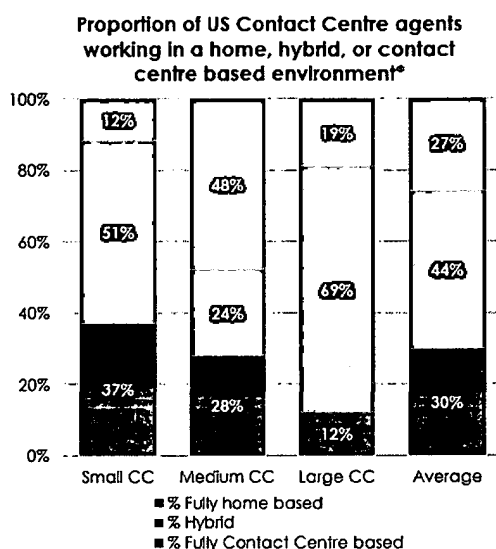
What has fundamentally changed in the way the contact centre industry operates in recent years, as a direct consequence of the pandemic, is the massive shift to remote and hybrid working. Looking at Eckoh's largest market North America, the figures outlined in Contact Babel's 'US Contact Centers 2024-2028' research document regarding the percentage of remote agents in the industry, are particularly striking:

Mean % of US contact centre agents that are hybrid or fully remote industry-wide

2018	2019	2020	2021	2022	2023
13%	13%	66%	82%	79%	72%

While the proportion of remote or hybrid agents has decreased somewhat from the pandemic peak, it's clear the overall change is both seismic and permanent. Post-pandemic, contact centres have been under acute pressure to adapt to retain agent staff, as the convenience of working from home is popular, enabling flexibility of working hours. This flexibility is also a positive for the enterprises that employ such agents as they can deploy agents to work short shifts to cope with unexpected customer demand.

The graph below shows how the split of agent work locations is expected to vary across different sizes of contact centre by the end of 2024. Notably, it is the largest contact centres that have the highest proportion of fully remote or hybrid agents with 88%, and it is this group that is Eckoh's primary target market.



This changed landscape brings many and varied complications to the running of such remote and hybrid contact centres and companies now need to tackle the challenge and inherent data security risks that come from remote working agents. A managed facility is far easier to control from a data security point of view than multiple home locations and it is largely impossible to replicate such an environment. This presents a significant challenge if the agent is handling customer data and especially payment data.

The remote working trend provides a massive opportunity for Eckoh's solutions, not just for data security but also for agent performance and efficiency. Our data security proposition enables companies to remove the risk of fraud or data breaches in remote environments by ensuring that sensitive data isn't just blocked but replaced with valueless placeholders that can be safely stored in the client's systems. Our patented technology wraps around the client's infrastructure seamlessly and means

that from the client's point of view, they do not actually collect any sensitive personal data.

Within Eckoh's new product suite, our real-time transcription solution will offer sentiment analysis and AI-led agent assistance, which ensures that all customers can be triaged and dealt with swiftly and effectively, without compromising their customer experience or the security of their personal data. This ability to assist a less-experienced agent to engage like an experienced one, will help to improve agent churn as well as driving significant operational efficiency and cost reduction for our clients.

Maximise lifetime client value and aid retention by cross and up-selling to increase recurring revenue

With our product roadmap extending into a broader data security proposition, we expect to be able to increase the lifetime value of our clients and continue to have high renewal rates and very low levels of churn.

Across the Group we have around 230 clients, which range greatly in both size and opportunity. As part of our change in commercial strategy to create a single global team, we reorganised how we support and service our client accounts to ensure the most focus is given to the key accounts with the largest perceived opportunity for growth. The sales team and account managers have been assigned specific accounts to manage and develop across the different tiers of client opportunity and have cross-selling and upselling targets as well as new business targets. In the top key account tier, we have around 25 accounts of which only two are in the UK&I region, reinforcing again the rationale for the realignment of our valuable resources.

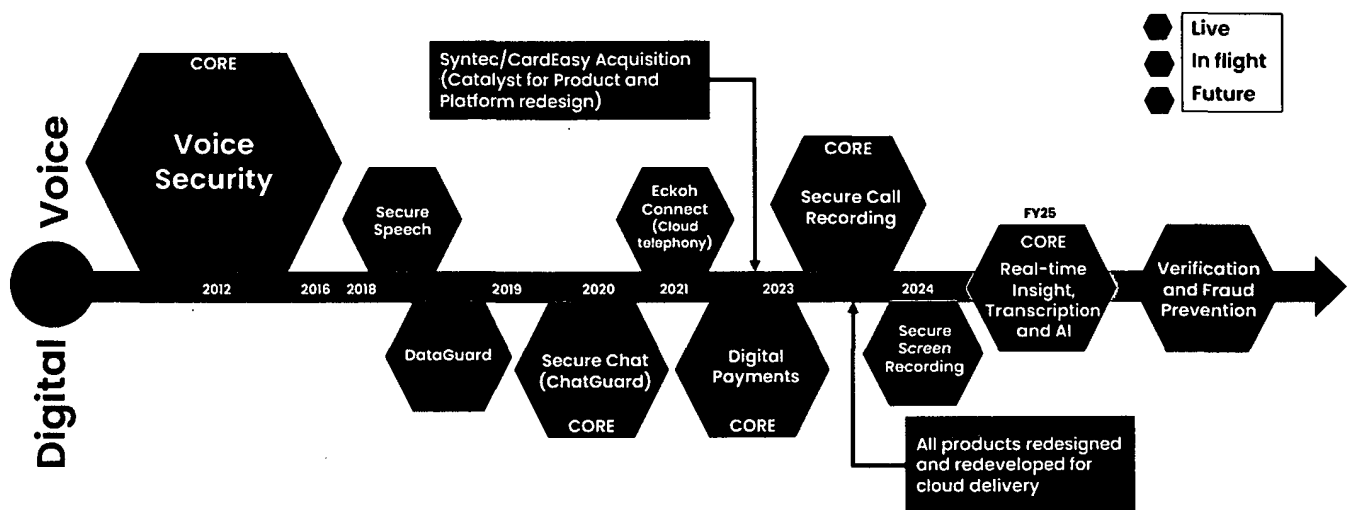
With the launch of our unified go-to-market proposition of Customer Engagement Data Security Solutions combined with our global commercial team, we are better positioned to drive growth. This is underpinned by our new Secure Engagement Suite plus our expanding and scalable cloud platforms, which provide us with the opportunity not only to extend our reach geographically, but also increase the opportunity within every client account to land and expand.

Eckoh's **Secure Engagement Suite** comprises complementary data security products that can be delivered to a client either individually or as a solution set and that are sold in a conventional SaaS licensing model usually on multi-year contracts. After acquiring Syntec in December 2021 we redesigned our platform and products into this new suite that is delivered to the clients through a common cloud platform we call our **Secure Voice Cloud**.

The Secure Engagement Suite was formally launched in early 2023 and over time it is expected that more new clients will take multiple products as part of their initial contract and that existing clients will add further products because of our cross-selling initiatives. This is already beginning to bear fruit in the results we have seen in the period and the pipeline that is building.

Evolution of the Secure Engagement Suite.

Eckoh



The diagram above shows the evolution of the products over time together with a representative value or importance of the opportunity they offer. The first seven are all now available and are delivered through our Secure Voice Cloud, which is deployed in AWS and Azure, but with the vast majority of our clients using our AWS platforms.

Launching our new Secure Call Recording product

- Our new product automatically secures sensitive customer data and incorporates the ability to transcribe calls into text at a highly accurate level, unlocking the business intelligence and insight that these conversations contain
- Reception to the product has been excellent and we already have clients deployed and live
- An increasing number are expected to take the service over time as their existing call recording contracts come up for renewal, or as they move to the cloud.

Addition of Secure Screen Recording

- An important requirement for certain clients is the addition of screen recording, which is available imminently
- This feature records visually whatever activity the agent is doing on their desktop and what applications they have open. It also allows the audio from the call recording to be played back synchronously while reviewing the visuals
- This is helpful for training purposes as well as providing a further level of security
- We do not expect this capability to be sold on a standalone basis but alongside Secure Call Recording, and those clients who take it will incur an additional monthly per agent fee.

Updated our Secure Digital Payments product

During the year, we launched a significant update to our Secure Digital Payments product, offering enhanced digital payment choice and convenience within contact centres

- Customers now have the freedom to combine their preferred contact channel with their favourite payment method: Apple Pay over WhatsApp, Pay by Bank via live chat, pay-later apps over the phone, or other combinations
- It enables contact centres to:
 - better serve customer needs
 - extend their services to social media and third-party channels

- increase payment volumes and speed
- provide greater choice with pay-now or pay-later options and,
- provide stronger authenticated security through methods such as fingerprint or facial recognition
- This will be followed with an upgrade to ChatGuard to add alternative payment methods, which will be available to clients in the second quarter of this new financial year.

Roadmap - real-time insight and transcription solution

- On the roadmap for launch this year is our real-time insight and transcription solution that uses AI and machine learning to assist advisors in providing the best possible assistance, whether they are experienced agents or not
- The first phase will see the release of the insight tool which will allow our client real-time visibility of their agent activity across their contact centre facilities and agent's home locations
- Monitoring the performance of a hybrid agent workforce is challenging, and security concerns are heightened, so this tool, which can be used in combination with the Voice Security, Secure Call Recording or the Real-time Transcription & AI products will be a valuable addition to our client's ability to drive both service quality and security
- Phase two will deliver real-time transcription and sentiment analysis to enable managers or supervisors to view active conversations between agents and customers to aid or assess performance
- The AI engine will be able to guide the agent to the next best action, based on its knowledge of previous historic outcomes, enabling less experienced agents to perform at a higher standard thus increasing both customer and agent satisfaction.

The impact of AI on Eckoh's market

Recently there has been significant interest and discussion regarding the impact that AI and the use of 'conversational bots' will have on the contact centre industry. Automation is nothing new in customer engagement and increased self-service from AI bots will not remove the need for, or the benefits that clients derive from Eckoh's security solutions. While over time the proportion of interactions successfully handled by bots will increase, human agents will continue for the foreseeable future

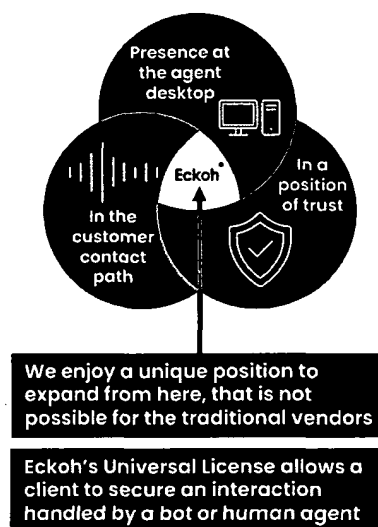
to be the dominant provider of customer engagement for enterprises.

Sensitive data will still need to be kept out of the client environment to simplify PCI DSS compliance and to minimise security risks from cyber-attacks. Bots will frequently need to 'hand off' the interaction to a human agent when they are unable to successfully complete the task. This means that sensitive data will still need to be protected and excluded from every session.

Eckoh's Universal License allows organisations to utilise our software on any customer channel and interchangeably between human agents and bots. It provides complete future-proofing for our clients who know their customer engagement strategy will evolve, but are unsure (as most are) exactly how this will manifest itself.

Conversational AI Bots undoubtedly deliver a compelling opportunity for Eckoh's clients to reduce overhead on their human agents and reduce the cost to serve. AI Bots for large enterprises will, however, require significant 'domain-specific' design to deliver a level of performance that will be sufficiently good enough to be both suitable and worthwhile for well-known brands. Eckoh has 20 years' experience in designing and delivering domain-specific natural language speech applications, so we understand through experience what is required to achieve success. As a provider that is already in a position of trust with our

client, is in the customer contact path and has presence at the agent desktop we are uniquely placed to cross-sell Conversational Bots to existing clients or include them in solutions for new clients.



Operational review

North America (NA) Territory (48% of group revenues)

The decision was taken just 18 months ago to focus our sales efforts on the North American market and to unify our commercial team to achieve that goal. Up to that point, we had only been actively selling the Voice Security product – either CallGuard or CardEasy – to clients in the North American market, with only the occasional client taking other products.

The advent of our new cloud-delivered set of products that secure all engagement channels - our Secure Engagement Suite - and our ability to provide other relevant capability with security at its core, opened up a huge opportunity to grow the North American market and other international markets faster. We expect to see the value and scope of initial new client contracts increase as we deliver multiple products from the outset, and we expect to see existing client values grow over time as we successfully upsell to them with additional products and licenses.

A good example of this is a new client contract won at the end of the year with a US-based travel technology company that operates several online global travel brands. They ran a formal process to procure a solution from an organisation that had proven experience in successfully supporting the largest companies under severe load over many years, with the highest level of availability and technical performance. We could demonstrate that we have supported some of the largest US brands through successive Black Friday weekends since 2018, when volumes can rise several times overnight, with no negative impact. They also wished to secure all their customer channels where they may take a payment, and to ensure the process was 'frictionless' for their customers, so they chose to purchase Eckoh licenses which cover voice, chat and digital channels. This

contract, which will start billing at the end of the first half of the year, is the largest cloud contract won to date for multiple products, but we expect it to be the first of many such agreements.

The base of North American clients we have already contracted (around 100 in total) are typically huge organisations that are likely to have additional divisions or other standalone businesses, that may be suitable targets to upsell our products to. In addition, the Secure Engagement Suite contains complementary products (that will only increase in number over time) that provide ample opportunity to cross-sell into these accounts. We expect that the new business we can win from existing clients will in time be at least as large as the value from net new clients, and this is the clear rationale for the change in commercial approach.

Retaining client contracts is as important to us as winning new ones, and multi-year renewals are highly significant and important for Eckoh's future growth. It is more common in North America for companies to default to an annual renewal cycle for technology services to ensure flexibility around future changes in their business or market. In contrast, Eckoh's Account Management and Client Success teams have successfully made multi-year renewals the preferred choice for our clients. During the year, our most common contract renewal was for three years, but we also had five-year renewals with clients who previously had signed shorter contracts. This illustrates not just the satisfaction that our clients have with our products and the strength of our relationship, but crucially the perception they have of the ongoing importance and longevity of the products to their security strategy.

The North American territory continues to deliver the highest growth and the Data Security Solutions ARR¹ at the end of the year was \$16.8 million, a year-on-year increase of 6% (FY23: \$15.9

million). This represents a CAGR of 27% since FY21. The delay in signing new business in H1, due to the extended sales and contracting process, temporarily slowed the ARR growth in this region. However, when considering the contracts signed in H2 that are either expected or contracted to commence billing in the first half of FY25, that growth rises to a further 14% and will lead to a meaningful positive impact on the revenue in the second half of FY25.

Total North American ARR¹, which includes both Data Security Solutions and Coral (our agent desktop product) grew to \$17.9 million (FY23: \$16.9 million). The Group's ARR now represents 83% of Group revenue, a 5% increase on the prior year (FY23: 78%).

Revenue for the year was \$22.6 million. At a total revenue level, this is an increase year-on-year of 6% (FY23: \$21.3 million), however, recurring revenue has increased by 11% year-on-year and is now 82% of revenue (FY23: 76%). This increase is as expected and comes from new contracts being delivered through the cloud with a higher recurring revenue percentage than for an on-premise solution.

During the year several clients with large enterprise deals have renewed their contracts for the first time. At the point of renewal, the hardware fees and implementation fees from the initial term of the contract are fully recognised. This combination of new cloud deals and large renewals in the year has seen a 24% decline in this one-off revenue year-on-year. The majority of this year-on-year decline is due to the hardware revenue component.

Despite this shift in revenue the North American territory has continued to grow and increase its share of Group revenue and now accounts for a 48% share (FY23: 45%). With the contracts signed in H2 in North America, North American revenue will be greater than the UK, Ireland and ROW in FY25 for the first time.

Total and New Contracted Business

- A combination of new contracted business and the increasing number of contract renewals has grown the total contracted business by 69% year-on-year to \$35.3 million (FY23: \$20.9 million)
- Increase in sales momentum as anticipated in H1, with new contracted business wins of \$17.5 million, an increase year-on-year of 39% (FY23: \$12.6 million)
- Security Solutions new contracted business of \$16.3 million with 80% of this coming from new clients, with multi-product contracts and 100% of new clients contracts contracted to deploy in the cloud.

Contract Renewals

- Within total contracted business are renewals of \$17.8 million, more than double the previous year.
- During the year eleven renewals were successfully completed, where at the point of renewal, the hardware and setup fees from the initial contract are fully recognised. In addition, we have had several clients, whose initial contract was on-premise and at renewal they have contracted to migrate to the cloud in their next contract term.
- Two clients did not renew due to a sale of their business, one through a partner.

As clients' contracts are increasingly being deployed in the cloud, in addition to higher recurring revenue, the gross profit margin of the North American business continues to improve. Gross profit

margin was 81%, an improvement year-on-year of 250 basis points.

The majority of our new business continues to be contracted directly and this remains our preferred sales model as it enables us to develop deep relationships and pursue our cross-sell and upsell strategy. The % of revenue from partnership deals remains at 8% (FY23: 8%). We are intent on entering into strategic partnerships where we can win business that is largely outside our normal target market. The recently announced relationship with RingCentral is a good illustration of that approach.

Coral

In the period, Coral had revenue of \$2.4 million (FY23: \$2.0 million Coral & Third-Party Support). Coral, a browser-based agent desktop, aids the following:

- increases efficiency by bringing all the contact centre agent's communication tools into a single screen;
- enables organisations, particularly those grown by acquisition, to standardise their contact centre facilities; and
- can be implemented in environments that operate on entirely different underlying technology.

Coral contracts are small in number but high in value when they occur. They have a very long sales cycle (usually years) as the decision has long term ramifications for the client. This makes the timing of any new agreements both lumpy and hard to predict. It is the only product we sell that is not our own proprietary technology; the relationship coming from a historic acquisition. This leads to a lower gross profit than the rest of our offering.

UK and Rest of World (UK & ROW) Territory (52% of group revenues)

Total revenue for the year was £19.2 million, a decrease of 9.9% (FY23: £21.3 million). The year-on-year decrease was impacted by £1.4 million from the loss of two clients in H1 FY23 as previously reported. In addition, there have been a number of smaller self-service clients that have terminated during the year, reducing revenue by a further £1.1 million.

All of the UK clients are either deployed on our own private cloud, or on the combined Secure Voice Cloud, our integrated product. As a result, the UK & ROW business has high recurring revenue at 86% (FY23: 83%) and a strong gross profit margin at 86% (FY23: 82%), an improvement of 360 basis points year-on-year.

We continue to see those clients who take security solutions as part of their overall solution set to be much less likely to churn, and the proportion of revenue now generated from clients who take no security solution from us is only 10%. ARR¹ at the end of the year was £16.6 million, an increase of 1.4% (FY23: £16.3 million).

As we did in North America we saw extremely high levels of contract renewals with multi-year agreements. What was also notable was the number of early renewals, which has reduced the number and value of contracts that are scheduled for renewal in this new financial year.

Total and New contracted business

- Total contracted business was £24.4 million, 42% higher than the previous year (FY23: £17.2 million)

- New contracted business was £4.8 million (FY23: £4.2 million)
- The largest new contract win was for a three-year contract with a large UK-based media and telecommunications provider for voice and chat security worth £2.3m (of which £0.8m is a renewal of an existing service that has migrated to the cloud).

Contract Renewals

- Within total contracted business are renewals of £19.6 million (FY:23 £13.0 million), an increase year-on-year of 51%
- In H1 we had a very strong level of renewals that all contained our Data Security Solutions and were all multi-year. This was driven by our four largest renewals for Capita O2, Tenpin, Premier Inn and Vanquis (through Maintel). In the second half, there were further large multi-year renewals for Allpay, PowerNI as well as VMO2, which has now contracted directly with Eckoh.

Our strategic decision to prioritise the North American region does inevitably mean we are likely to sacrifice possible modest growth in UK&I for much more lucrative gains in North America. Nevertheless, we will continue to pursue meaningful opportunities in the region as illustrated by the substantial new three-year contract with a UK-based media and telecoms company to deploy our security solution into their new Amazon Connect solution.

Outlook

The strategic decision to create a single commercial team focused on North America has delivered early success, with the record level of new business and the number of multi-year contract

renewals, which gives Eckoh excellent revenue visibility and improves our ability to further increase our strong cross-sell and upsell pipeline. We expect further progress with this strategy in FY25, as we continue to unlock the value in our largest accounts and leverage our cloud platforms and enhanced product set.

The Board is confident of progress in the year ahead, which has started well with over £8m of total contracted business already signed. Furthermore, momentum is building in our key market with a record North American sales pipeline and the large contracts signed in the second half of FY24 expected to commence billing in the first half of FY25.

Our expected growth in FY25 is further underpinned by the fact that Eckoh is optimally positioned as market leader for an increased outsourcing trend driven by ongoing regulatory change (PCI DSS v4.0), the shift to hybrid working in contact centres and growing security challenges for companies. We expect new business from our existing clients to grow significantly with the new commercial strategy and enhanced product set, while the increasing interest in AI bots for contact centres provides a future opportunity for growth. Our transition to a SaaS business model and cloud deployment continues to benefit the business with further operating efficiencies and profit margin improvements expected.

We are confident that Eckoh will continue to strengthen our market-leading position by assisting enterprises with the growing challenges that they are facing globally, to maintain regulatory compliance and keep their customers' data and engagements secure.

Nik Philpot

Chief Executive Officer

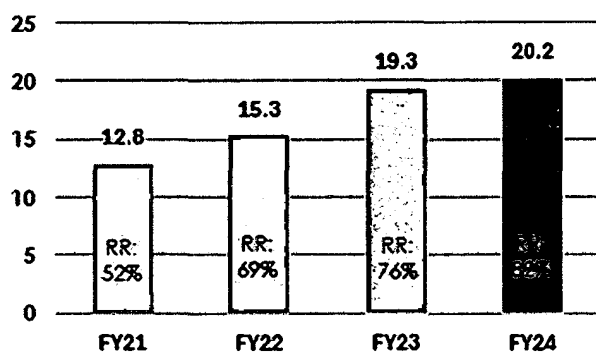
10 June 2024

Key Performance Indicators & Operational Measures

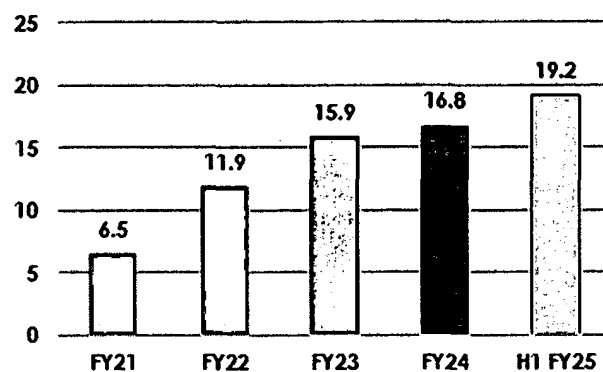
At a Group level, we have a number of key financial and operational measures. Throughout the Annual Report there is reference to the metrics set out below, some of which serve as alternative performance measures. Where adjusted measures are used in the report they are clearly presented and specifically used to provide a balanced view of the Group and its performance. The Directors believe that these measures, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional relevant information and enable an alternative comparison over time.

Total contracted business (£m) Definition and purpose Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients. Total contracted business is an indicator of revenue visibility and future revenue growth. Result Increased by 52% to £52.6 million (2023: £34.5 million), our strongest year to date. Within total contracted business, new business increased to £18.7 million (2023: £14.4 million), an increase of 29% year-on-year.	Total Contracted Business (£m) <table><tr><th>FY</th><th>New (£m)</th><th>Renewals (£m)</th><th>Total (£m)</th></tr><tr><td>FY21</td><td>15.7</td><td>15.0</td><td>30.7</td></tr><tr><td>FY22</td><td>10.8</td><td>11.7</td><td>22.5</td></tr><tr><td>FY23</td><td>13.4</td><td>20.1</td><td>34.5</td></tr><tr><td>FY24</td><td>18.7</td><td>33.9</td><td>52.6</td></tr></table> ■ New □ Renewals	FY	New (£m)	Renewals (£m)	Total (£m)	FY21	15.7	15.0	30.7	FY22	10.8	11.7	22.5	FY23	13.4	20.1	34.5	FY24	18.7	33.9	52.6					
FY	New (£m)	Renewals (£m)	Total (£m)																							
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Total Revenue (£m) and Recurring Revenue (£m & %) Definition and purpose Total revenue is a statutory measure and includes both recurring revenue and one-off revenue, such as implementation fees and hardware fees. Recurring revenue is an alternative performance measure, as the business transitions to a cloud business, the recurring revenue continues to grow and improve as a % of total revenue, given the business greater revenue visibility.	Result Total revenue has decreased year-on-year, due to the successful renewals in the North America territory. At renewal the hardware revenue is fully recognised. The recurring revenue as a % of total revenue has increased by 4% or 430 basis points (2023: 4%).																									
Total Revenue & Recurring revenue (£m) <table><tr><th>FY</th><th>Total Revenue (£m)</th><th>Total Recurring revenue (£m)</th></tr><tr><td>FY21</td><td>30.5</td><td>21.9</td></tr><tr><td>FY22</td><td>31.8</td><td>24.1</td></tr><tr><td>FY23</td><td>38.8</td><td>31.0</td></tr><tr><td>FY24</td><td>37.2</td><td>31.3</td></tr></table> ■ Total Revenue □ Total Recurring revenue	FY	Total Revenue (£m)	Total Recurring revenue (£m)	FY21	30.5	21.9	FY22	31.8	24.1	FY23	38.8	31.0	FY24	37.2	31.3	Total Recurring Revenue % <table><tr><th>FY</th><th>Total Recurring Revenue %</th></tr><tr><td>FY21</td><td>72%</td></tr><tr><td>FY22</td><td>76%</td></tr><tr><td>FY23</td><td>80%</td></tr><tr><td>FY24</td><td>84%</td></tr></table>	FY	Total Recurring Revenue %	FY21	72%	FY22	76%	FY23	80%	FY24	84%
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North America (NA) Security Solutions revenue (\$m) and Annualised Recurring Revenue (ARR) <table><tr><td> Definition and purpose NA Security Solutions Revenue is the total revenue for NA recognised in the income statement during the year. NA Security Solutions ARR is measured on the last day of the financial period and is the contracted annual revenue. ARR measures the full impact of clients live and billing and indicates the forward revenue visibility of the business. </td><td> Result NA Security Solutions revenue has grown by 6% with recurring revenue growing by 11%. NA Security Solutions ARR increased year-on-year by 6%, however, when taking into account the contracts signed in H2 that are expected to commence billing in the first half of FY25, that growth rises a further 14%. </td></tr></table>		Definition and purpose NA Security Solutions Revenue is the total revenue for NA recognised in the income statement during the year. NA Security Solutions ARR is measured on the last day of the financial period and is the contracted annual revenue. ARR measures the full impact of clients live and billing and indicates the forward revenue visibility of the business.	Result NA Security Solutions revenue has grown by 6% with recurring revenue growing by 11%. NA Security Solutions ARR increased year-on-year by 6%, however, when taking into account the contracts signed in H2 that are expected to commence billing in the first half of FY25, that growth rises a further 14%.																							
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NA - Security Solutions revenue (\$m) & Recurring revenue %



NA Security Solutions ARR (\$m)



Adjusted earnings per share (eps) (pence)

Definition and purpose

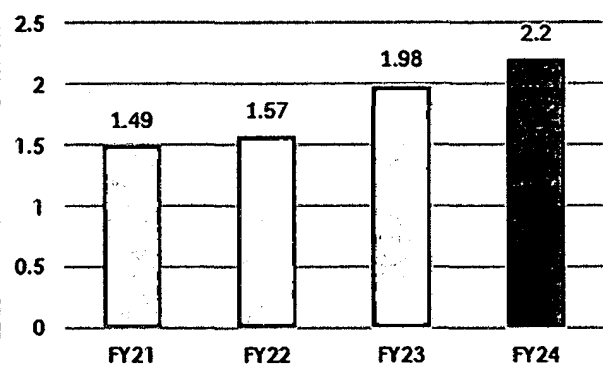
This key measure indicates the profit attributable to individual shareholders. It measures not only trading performance but also the impact of treasury management and bank and interest charges. Adjusted earnings per share uses the adjusted profit before tax and applies a normalised tax rate.

Adjusted profit before tax is the profit adjusted for depreciation of owned and leased assets, amortisation, expenses relating to share option schemes, exceptional items and costs relating to business combinations.

Result

Increased by 11% to 2.20p per share (2023: 1.98p) reflecting the improvement in overall performance of the business.

Adjusted eps (pence)



Stakeholder value creation & Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a Company to act in a way that promotes the success of the Company for the benefit of Shareholders whilst simultaneously showing regard for the interest of its stakeholders.

The Board follows a robust decision-making process, which is designed to ensure that any decisions made reflect our mission as a business. The key reference points for decision-making by the Board are: the impact on the overall Group's strategic objectives; consideration of its principal risks and uncertainties; and positive alignment with the Eckoh values, one of which is Humanity, which includes the impact on employees and the Communities we operate in. At the heart of all these factors is consideration of the Group's stakeholders, because it is these groups who have the greatest potential to create positive outcomes for the Group as it strives to create long-term value.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations as well as with the highest ethical standards. Both the Group's Board of Directors and Executive Management are determined to comply fully with the applicable law and regulations, and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

Our people

The delivery of the Group's strategic objectives is dependent on our ability to attract, develop and retain a highly skilled and motivated workforce. We strive to create an inclusive culture in which diversity of thought, skills and perspectives helps us thrive. We are committed to strong recognition and reward strategies that fairly reflect the contributions our people make to help us progress.

Engagement

Our employee engagement strategy focuses on providing our people with platforms to actively participate in the Group's decision-making processes, and we are also committed to transparency around the issues that matter most to them.

Shareholders

Support from our shareholders underpins the success of our strategy. We aim to provide fair, balanced and understandable information to shareholders to clearly demonstrate strategic success.

Engagement

Our interim and year end reporting periods conclude with analyst briefing sessions and investor roadshows and our Annual General Meeting.

The Executive Directors maintain close contact with shareholders and maintain strong relationships to facilitate one-to-one engagements and conference calls. One decision in the year which impacted Shareholders is dividends, see page 22.

Clients

We recognise the importance of our clients to the success and sustainability of our business. Relationships with clients are fostered and we listen to feedback through regular client meetings and annual client surveys.

Engagement

Our clients' journeys start with interaction from our Project Management team through delivery and deployment. There is a

tight handover to our Client Services team, who support our client's once solutions and services have been delivered. As part of this process, they engage our Product team with our clients to ensure the products we are developing are aligned to their needs and their customer needs.

Suppliers

Strong relationships with our suppliers are crucial to ensure that the services we receive support the delivery of our services and solutions effectively. We are also committed to ensuring mutually high standards of responsible business from our suppliers.

Engagement

We maintain strong and accessible communication channels with suppliers, to promote good relationships and to set clear expectations of the products and services we require. Our supplier code of conduct clearly communicates to all our suppliers the high standards of responsible business practise we expect from them.

The environment and communities we operate within

We have a responsibility to have a positive impact on the environment and the communities we operate within. This responsibility plays an important part in protecting the wellbeing of our employees, and in contributing to the future health of our planet for the benefit of all our stakeholders.

Engagement

We are committed to carbon emission reductions and the team have made excellent progress during the last year. Year-on-year we have reduced our carbon footprint and we expect this to continue over the current year as we deliver the actions under our strategic plan to become net zero by 2045.

We encourage our employees to engage positively with the communities we work within and we organise, for our employees based from our office in Hemel Hempstead, a day annually to volunteer for a local charity.

In addition to the financial KPIs disclosed on page 21 in the financial review, the Group has introduced a section in this annual report detailing, over time the performance of the group using the key performance indicators and operational measures the Board uses to measure the Group's performance. The Group also uses non-financial KPIs to assess its progress in relation to its sustainability strategy, as outlined on pages 17 to 20.

Sustainability Report



Our Environmental Social and Governance strategy (ESG) has evolved over the last year as we continue to learn and update our strategy as we work towards our net zero target in 2045. I am pleased to report we are currently making the progress we set for ourselves.

Our ESG strategy is underpinned by our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. Our sustainability strategy is split into four key areas; the product we provide our customers and their customers; the security first approach we adopt across the business, which also encompasses the knowledge and the experts we have in our team; the culture we create through our values and the environmental responsibility we take in the way we do business.

As we successfully drive progress towards our broader strategic objectives, we remain committed to making sustainable business decisions. We continue to listen to our stakeholders (see page 16) and we will continue to refine our sustainability strategy to ensure that it drives long term value for all of our stakeholders.

The following section lays out the targets and progress made against each of the four areas.

Nik Philpot
Chief Executive Officer
10 June 2024

Our Products Core objective: • Use cloud technology to develop and enhance our proprietary solutions. • Our products lessen the burden of compliance for our clients, reduce fraud and the impact of a data breach, which in turn makes the world a safer place. Delivering stakeholder value • Grow our market leadership position in Customer Engagement Data Security solutions to increase shareholder value. • The growing number of our patents demonstrate that we protect our IP and the integrity of our solutions. • Our Secure Customer Engagement Suite of solutions provide a robust payments solution for our clients, enhancing their governance and enabling our clients' contact centre agents to take payments securely as well as preventing the exposure of sensitive customer data to contact centre agents. Meeting our 2024 targets • We expanded our Secure Voice Cloud platform globally, launching our first dedicated Asia-Pacific Secure Voice Cloud platform launched in Sydney. • New Secure Call Recording solution developed using cloud native methodology and technology. • launched significant update to our Secure Digital Payments product, offering enhanced digital payment choice and convenience within contact centres.	Environmental Responsibility Core objective: • Reduce environmental impact by minimising our carbon footprint and committing to our cloud-first approach. Delivering stakeholder value • Committing to environmental responsibility protects the future of our people and demonstrates to customers that we strive to deliver products with minimal environmental impact. Meeting our 2024 targets • Completed the digitalisation project in our US datacentres, which will reduce our carbon footprint due to the enhanced technology. • Exited the acquired Syntec datacentre, moving to the cloud. • Pre-planning application submitted for the Hemel office, the first stage of the exit from the office space. • Initiated marketing activity to exit the Syntec Office space.
Security First Governance Core objective: • We maintain a Security First approach in the design, build and operation of our service. Delivering stakeholder value • People, Process and Technology aligned to drive a Security First decision tree to identify and mitigate risks.	Our Culture Core objective: • Create an inclusive workplace that supports, empowers, develops and fairly rewards all our people. Delivering stakeholder value • Fostering a positive culture will attract and retain the best talent, accelerating delivery of our strategy.

• Project delivery cycles, product development, legal contracts aligned to support the security and availability of our solutions and operations. • Trusted advisor to our customers. Meeting our 2024 targets • PCI-DSS Level 1 Service Provider for 14 successive years. • Dedicated Security Operations Centre (SOC) monitoring our security posture both internally and externally. • Maintained and renewed all the Groups ISO certifications and Cyber Essentials. Secured the Cyber Essentials Plus certification. • Completed gap analysis of requirements from PCI DSS version 3.2.1 and Version 4.0. • Actioned all identified gaps to be PCI DSS version 4 ready by the required date of 31st March 2024 • Trialled an online learning platform specifically focussed on security awareness.	• Investing in our people benefits the communities we operate in by delivering an exceptional employee experience. Meeting our 2024 targets • Investing in our teams to attract and retain the best talent, during the year - we bought all team members in the technology team together for the Tech Summit. This was a series of meetings and training around product, security, innovation and technology and facilitating the sharing of information and best practise. • Building on the learning and development initiative from last year, we have trialled and launched online training hubs and specific training platforms for developers. • Encourage our team to fundraise through the year for local charities in the UK and US.
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Our Products

At the heart of our sustainability strategy is our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. This starts with the products we provide to our customers. Our data security solutions help protect sensitive customer data and can be utilised via any customer engagement channel (voice, live chat, advanced speech, digital) and on any device the customer chooses. The best way to secure data is not to collect it and this is our specialism.

Our aim is to be flexible to our clients' needs, to do this we retain the ability to deploy locally to clients' datacentres or we can offer our clients a choice of cloud platform, providing our solutions in a system-agnostic way. During the year we expanded our **Secure Voice Cloud** platform globally to support our international clients, launching our first dedicated Asia-Pacific Secure Voice Cloud platform in Sydney.

The new Secure Call Recording solution was developed using the cloud native methodology and technology that we implemented some years ago. The approach enables us to automatically scale up or down the size of our cloud platforms responding instantly to changes in demand from our clients, leading to optimum operational performance, cost to serve and carbon footprint.

Security First Governance

As the compliance landscape continually evolves, whether this is the introduction of version 4 of the PCI-DSS or the USA's strengthening data privacy rules, we act as trusted advisors to our clients. In order to be experts in our field, we need to ensure we adopt robust and responsible business practices across the organisation. This is achieved through our mantra of Security First, which encompasses our people, our processes and our technology to drive a Security First decision tree. This approach feeds the project delivery cycles, product development and legal contracts to align in order to support the security and availability of our solutions and operations.

The Security First approach means responsible business practices are at the heart of how we operate and this can be demonstrated through the certifications we hold as an organisation. Alongside being a PCI-DSS Level 1 Service Provider, we also hold certifications for Cyber Essentials and Cyber Essentials Plus; ISO27001 - which covers how we manage the security of assets such as financial information, IP, employee details or information entrusted to us by third parties; and ISO9001, which demonstrates our Quality Management System process and our ability to consistently meet customer and regulatory requirements.

In addition to the certifications demonstrating our Security and Control credentials, we are also a participating organisation in the global PCI Security Standards.

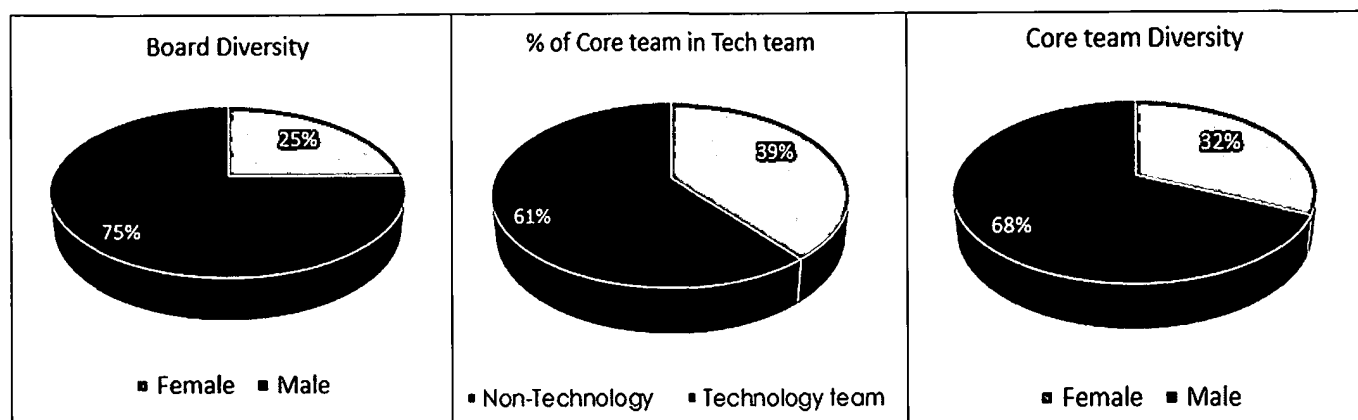
Internally we manage and monitor our security risk through our Security Operations Centre. A dedicated team use a number of KPI measurements, such as third-party scorecards, internal scanning and vulnerability monitoring as well as active threat hunting to seek out and increase our security posture across the board. The results of the Security Operations Centre are shared across the business as a way to continually educate our employees with best practice, raise awareness and ensure the Security First approach is delivered consistently across the business.

We remain committed to the highest standards of compliance in this area and in the year we achieved our goals to deliver:

- >99% acceptance of acceptable use and data protection policies;
- >99% completion of annual online security training;
- 0 phishing incidents resulting in the loss of data; and
- externally monitor our Security Scorecard to maintain A Rating.

Our Culture

Alongside our Security First Governance approach, our culture and our values are key. In particular our value of Humanity reflects our welcoming spirit, embracing diversity and respect for each other. We draw on our Humanity value in the way we treat each other, our clients, partners and suppliers and also how we interact with our local community. We recognise the significant benefits of a diverse workforce and we do not tolerate discrimination, harassment, or victimisation in the workplace. Instead, we encourage an inclusive workplace with strong employee engagement and participation by all. Below are the KPI's we measure with respect to our workforce:



Last year we reported on the feedback and actions taken from the staff survey we completed in March 2022. We have continued to build on the three focus areas identified and in particular on focus area of learning and development. Our employees in the technology teams are key for us as a business to embed learning and development. We therefore invested in a Tech Summit; a three-day event, bringing the whole team together for a series of meetings and training around product, security, innovation and technology as well as facilitating the sharing of information and best practise. During the year we also trialled and launched online training hubs and introduced specific training platforms for developers.

Our staff survey is run every two years and will be shortly launched to the team.

As we advocate high standards internally we echo this sentiment in respect of our external stakeholders, by taking a zero-tolerance approach to any forms of unethical behaviour within our wider operations and supply chains.

Environmental Responsibility

Our commitment to environmentally responsible operations is an essential part of our contribution to creating a healthy planet for our people, our clients and our employees. Our biggest direct impacts on the planet come from our data centres, our offices and our employees' travel, which includes an estimate of their commuting.

We have set net-zero carbon targets with a baseline year of 2022 and have developed a carbon reduction plan to progress to carbon neutrality in advance of 2050. We have set ambitious reduction targets in respect of Scope 1 and 2 emissions in advance of 2050. The following are our targets, which remain unchanged from last year:

- Scope 1 emissions will be eliminated by 2030
- Scope 2 emissions which are driven by our data centres and our offices, will be reduced and be net zero by 2045
- Scope 3 emissions will be net zero by 2045.

Energy use has been assessed using the 2023 emission conversion factors published by the Department for Environment, Food and Rural Affairs ('Defra') and the Department for Business Energy and Industrial Strategy ('BEIS'). The assessment follows the market-based approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used. All group entities have been included in the reporting. Advice over the data used to calculate emissions has been obtained from a third-party consultant. The use of employee and revenue ratios is important in order to reflect Eckoh's relative performance in relation to two of the measures that fluctuate in line with strategic business change. Our acquired Syntec entity has historically been assessed under ISO 14001 and this will be extended to the Eckoh Group in the next assessment.

Global carbon footprint assessment	31 March 2022 Baseline Tonnes of CO ₂ e	31 March 2023 Tonnes of CO ₂ e	31 March 2024 Tonnes of CO ₂ e	Change since baseline %	Change in the year %
Emissions from:					
Scope 1 – direct emissions	18.13	21.82	16.32	(10.0)	(25.2)
Scope 2 – indirect emissions	335.09	431.78	362.27	+8.1	(16.1)
CO ₂ turnover ratio Scope 1 and 2 (tonnes of CO ₂ per £m revenue)	0.013	0.014	0.012	(3.8)	(13.7)
CO ₂ EBITDA ratio Scope 1 and 2 (tonnes of CO ₂ per £m EBITDA)	0.061	0.060	0.046	(24.6)	(23.9)
Scope 3 – other indirect emissions	59.12	107.79	85.93	+45.3	(20.3)
Total (all Scope 1,2 & 3)	412.34	561.39	464.51	+12.7	(17.3)
Total UK energy consumption (kWh)	978,759	1,259,930	1,019,412	+4.2	(19.1)
Total global energy consumption (kWh)	1,158,197	1,397,021	1,085,920	(6.2)	(22.3)

The baseline year includes the acquired Syntec Holdings Limited for a three-month period from December 2021. The inclusion of the Syntec business for a full twelve months coupled with the return to travel post the COVID pandemic increased energy consumption and carbon footprint in the financial year ended 31 March 2023.

During the financial year to 31st March 2024, the Scope 2 – indirect emissions have decreased, as expected, as we have closed one of the Syntec data centres. In addition, the number of employees using their own vehicles for client visits and commuting to the office has decreased and where appropriate employees are using rail transport instead. We anticipate similar reductions in FY25 due to the timing of these initiatives in FY24.

Reducing our environmental impact

We are starting to see the benefits of our Group strategy, driving investment in our product and a cloud-first approach. During the year we completed the digitalisation of one of our North American data centres; the closure of a Syntec data centre, with the solutions and clients' services migrating to the cloud. In addition, we have commenced the digitalisation of our first UK data centres. By migrating our datacentres to the cloud, we will be both more operationally efficient and reduce our carbon footprint. Our targets for the reduction of our Scope 2 emissions all focus on our data centres and the continued adoption of cloud technology for our solutions.

With respect to our UK offices and locations where we contract directly, we procure our energy from renewable sources. Our lighting is energy efficient and LED lights are utilised throughout our UK offices, with motion sensor lighting too. We continue to review options for our two UK offices to eliminate Scope 1 emissions and have set a target for these to be eliminated by 2030.

During the year to 31st March 2024 and post the COVID-19 pandemic, our emissions from travel have increased, compared with our base in 31 March 2022. The increase is driven by employees commuting under a hybrid working arrangement and international travel for our US and UK employees having face-to-face meetings. We are therefore working on initiatives to adapt our approach to travel in a way that allows us to reap the benefits of face-to-face interaction whilst minimising the associated carbon footprint. We do not provide company vehicles to employees or Directors or operate any form of vehicle fleet; we do offer our UK employees a cycle to work scheme to promote healthy living practises and further reduce our carbon footprint from daily commuting.

Our scope 3 emissions include our employee travel, whether commuting or business travel, our water usage in our office and our office waste management. Other than specific business travel, all calculations in this area are based on estimates.

Nik Philpot

Chief Executive Officer

10 June 2024

Financial Review



Eckoh has delivered a strong level of adjusted operating profit of £8.3 million ahead of consensus market expectations. Adjusted operating profit increased by 8%, (FY23: £7.7 million) and adjusted operating profit margin was 22.4%, an improvement from last year of 250 basis points (FY23: 19.9%). The growth of the business continues to be driven by North America and the focus on large enterprise clients and our cloud-based offering. After adjusting for the foreign exchange loss this year of £0.1m and the foreign currency benefit in FY23 of £0.5 million the year-on-year growth was 17%.

Revenue for the year was £37.2 million, a decrease of 4% (FY23: £38.8 million) and at constant exchange³ rates a decrease of 3%. This is split £31.3 million recurring revenue (FY23: £31.8 million) and £5.9 million one-off revenue (FY23: £7.8 million). Group recurring revenue was 84% (FY22: 80%), an increase of 360 basis points year-on-year and the increase being driven from the North American territory. Adjusted operating profit¹ was £8.3 million, an increase of 8% year-on-year (FY23: £7.7 million). Profit after tax for the year was £4.5 million (FY23: £4.6 million). The prior year profit after tax of £4.6 million included exceptional legal fees and settlement agreement item of £0.2m. In the current year, there are restructuring costs of £0.5 million and exceptional legal fees and settlement agreement of £1.3 million.

Group ARR showed strong progress and demonstrates the high level of visibility we have in our business model. As of 31 March 2024, Group ARR was £30.8 million, an increase of 1% year-on-year, at constant exchange rates an increase year-on-year of 3%.

Total contracted business⁵ for the financial year at the Group level was £52.6 million (FY23: £34.5 million), a year-on-year increase of 52%. New contracted business increased 29% to £18.7 million (FY23: £14.4 million).

Basic earnings per share for the year ended 31 March 2024 was 1.56 pence per share (FY23: 1.58 pence per share). Adjusted earnings per share for the year ended 31 March 2024 was 2.20 pence per share (FY23: 1.98 pence per share recalculated for 25% tax rate), an increase year-on-year of 11%, demonstrating the strong operational performance delivered in the year.

Territory performance – NA, UK & ROW

Revenue in North America, which represents 48% of total group revenues, increased to £18.0 million (FY23: £17.5 million). UK&I represented 50% of total group revenues at £19.2 million and ROW represented 2% of group revenues.

Further explanations of movements in revenue between North America, UK & ROW territories have been addressed in the Operational Review above.

Gross profit

The Group's gross profit increased to £31.0 million (FY23: £31.2 million). Gross profit margin was 83% for the year, an increase of 290 basis points on last year (FY23: 80%). The UK & ROW gross profit margin was 86%, an increase of 360 basis points (FY23: 82%). In North America, the full year margin was 81%, an increase of 190 basis points (FY23 79%). This increase in margin, as previously indicated, is as a result of the continued deployment of the new Customer Engagement Data Security Solutions in the cloud environment, together with the successful renewals of the earlier contracted on-premise solution deployments, where the lower margin hardware component becomes fully recognised at the point of renewal.

In the UK & ROW, the service is hosted on either an Eckoh platform or on the Group's cloud platform. In both deployment solutions, there is typically no hardware provided to clients. The gross profit margin has improved during the year as a number of large clients in the UK & ROW have renewed their contracts. At this point any implementation fees have become fully recognised. Implementation fees tend to have a lower gross profit margin than the recurring revenue fees. In North America, we would expect the gross profit margin to continue to marginally increase from 81% to c. 82%. This is driven by the continued growth of the Secure Payments activities for cloud solutions.

Administrative expenses

Total administrative expenses for the year were £27.8 million (FY23: £26.2 million). Included in administrative expenses is the £2.5 million of amortisation for the acquired intangible assets from the acquisition of Syntec Holdings Limited on 21 December 2021 (FY23: £2.5 million), exceptional legal fees of £1.3 million (FY23: £0.2 million) and exceptional restructuring costs of £0.5 million (FY23: £nil million). Adjusted administrative expenses⁴ for the year were £22.7 million (FY23: £23.5 million), a decrease year-on-year of 3%. Costs continue to be well controlled, and with the continued deployment of new business to the cloud, the operational efficiency of the group is leveraged to deliver operating profit margin improvement.

Profitability measures

Adjusted operating profit was £8.3 million, an increase of 7.6% year-on-year (FY23: £7.7 million). Included in the profit was a foreign currency loss of £0.1 million (FY23: gain £0.5 million). Adjusted EBITDA² for the year was £10.2 million, an increase of 8% year-on-year (FY23: £9.4 million).

1. Adjusted operating profit is the profit before adjustments for expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional costs.
2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation of owned and leased assets, amortisation, expenses relating to share option schemes and exceptional items.
3. At constant exchange rates (using last year exchange rates).
4. Adjusted administrative expenses are administrative expenses excluding expenses relating to share option schemes, depreciation of owned and leased assets, amortisation of acquired intangible assets and exceptional items.
5. Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients.

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Profit from operating activities	3,246	5,020
Amortisation of acquired intangible assets	2,479	2,473
Expenses relating to share option schemes	771	40
Exceptional restructuring costs	531	-
Exceptional legal fees and settlement agreements	1,300	203
Adjusted operating profit¹	8,327	7,736
Amortisation of other intangible assets	516	398
Depreciation of owned assets	636	643
Depreciation of leased assets	681	617
Adjusted EBITDA²	10,160	9,394

Exceptional restructuring costs

The exceptional restructuring costs are presented separately as irregular costs unlikely to reoccur in the near future. The exceptional restructuring costs incurred in the financial year ended 31 March 2024 of £531k have been incurred predominantly in Eckoh UK (£405k), with £127k incurred in Eckoh US. The restructuring costs relate to employees who previously delivered the large bespoke self-service projects as the business continues to focus on its SaaS style cloud deployed products. In addition, there were a number of the UK Sales team who were made redundant, with the shift in focus to the US market and operating as a global team. There were no exceptional restructuring costs incurred in the financial year ended 31 March 2023.

Exceptional legal fees and settlement agreements

In the financial year ended 31 March 2024 legal fees and settlement agreements of £1,300k (FY23: £202k settlement income of £950k received was netted off against legal fee expenses), have been incurred regarding commercially sensitive matters which are required to be kept confidential by agreements with third parties or ongoing legal negotiations.

Finance charges

For the financial year ended 31 March 2024, the interest payable charge was £45k (FY23: £53k). The interest charge is made up of bank interest of £nil (FY23: £nil) and interest on leased assets of £45k (FY23: £53k). Finance interest received was £234k (FY23: £53k).

Taxation

For the financial year ended 31 March 2024, there was a tax credit of £1,109k (FY23: £383k charge). The tax credit predominantly relates to the recognition of tax losses from Syntec Limited. When Syntec was acquired, it was uncertain as to whether these losses would be able to be utilised in the short to medium term. This has now been re-evaluated and they have been recognised in FY24.

Earnings per share

Adjusted earnings per share was 2.20 pence per share (FY23: 1.98 pence per share recalculated for 25% tax rate) a year-on-year increase of 11%. Basic earnings per share was 1.56 pence per share (FY23: 1.58 pence per share).

Client contracts

Client contracts are typically multi-year in length and have a high proportion of recurring revenues, usually underpinned by minimum commitments. With a greater proportion of contracts being delivered through the cloud, the initial set up fees and hardware costs associated with larger customer premise deployments will be reduced, leading over time to an increase in operating margin.

Statement of financial position

Our balance sheet remains robust with a strong net cash position of £8.3 million, an increase of £2.6 million year-on-year (FY23: £5.7 million). The business has a Revolving Credit Facility of £5 million, secured against the Group's UK head office, which is an asset we own outright. As at 31 March 2024 our revolving credit facility remains undrawn.

While Eckoh continues to innovate by developing new products and features such as those detailed in the Chief Executive Officer's review, there has been an increase in the amount capitalised to intangible assets in the financial year to £0.8 million (FY23: £0.6 million).

Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers have continued, as expected, to decrease in the current year, principally as new contracted business in NA has been wholly for cloud-based solutions. Where clients contract for their services to be provided in the cloud or on our internal cloud platform, there is no hardware component, and the level of implementation fees is typically lower. This reduces the level of upfront cash received but drives a greater level of revenue visibility and earnings quality. Total contract liabilities were £8.5 million (FY23: £9.9 million). Included in this balance are £3.9 million of contract liabilities relating to the Secure Payments product, hosted platform product or Syntec's CardEasy Secure Payments product, a decrease of £2.9 million at the same time in the previous year. Contract assets as at 31 March 2024 were £1.3 million (FY23: £2.4 million).

Cashflow and liquidity

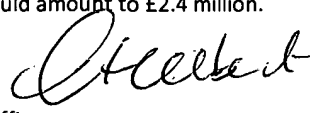
Gross cash at 31 March 2024 was £8.3 million (FY23: £5.7 million). As at 31 March 2024 there was no drawdown of the £5 million RCF debt facility (FY23: £nil million debt).

During the year there has been a net cash outflow from working capital of £1.2 million (FY23: £1.6 million cash outflow) due to the timing of invoicing and cash receipts and as the deferred revenue for the NA large on-site deployments has been recognised over the term of the contract, generally three years.

Dividends

Post year end the Board are proposing a final dividend for the year ended 31 March 2024 of 0.82 pence per Ordinary Share be paid to the shareholders whose names appear on the register at the close of business on 20 September 2024, with payment on 18 October 2024. The ex-dividend date will be 19 September 2024. This recommendation will be put to shareholders at the Annual General Meeting. Based on the shares in issue at the year end, this payment would amount to £2.4 million.

Chrissie Herbert
Chief Financial Officer
10 June 2024



Principal Risks and Uncertainties

The Group's approach is to minimise exposure to reputational, financial and operational risk while accepting and recognising a risk/reward trade-off in the pursuit of its strategic and commercial objectives. The nature of the products and services the Group provides means that the integrity of the business is crucial and cannot be put at risk. The Group has a framework for reviewing and assessing these risks on a regular basis and has put in place appropriate processes and procedures to mitigate them. However, no system of control or mitigation can completely eliminate all risks. The Board has determined that the following are the principal risks facing the Group.

Specific risk	Mitigation
Cyber, technology & processes	
Loss or inappropriate usage of data	
The Group's business requires the appropriate and secure usage of client, consumer and other sensitive information. Fraudulent activity, cybercrime or security breaches in connection with maintaining data and the delivery of our products and services could harm our reputation, business and operating results.	The Group has established physical and logical security controls across all operating locations with rigorous cyber security controls and a defence in-depth approach. In addition, a dedicated Security Operations Centre function provides Group-wide monitoring, recruitment and training schemes and active threat hunting. The Group is signed up to the National Cyber Security Centre which aids the monitoring of cyber activity. Continued investments are made in cyber security, infrastructure, monitoring and services, improvements in email, web filtering and enhanced data loss prevention tools. The Group also screens new employees carefully. Eckoh has maintained its programme of PCI DSS, ISO27001, Cyber Essentials and Cyber Essentials Plus and the Group is on track to integrate the acquired Syntec business into the Group programmes.
Interruptions in business processes or systems	
The Group's ability to provide reliable services largely depends on the efficient and uninterrupted operation of our platforms, network systems, data and contact centres as well as maintaining sufficient staffing levels. System or network interruptions, recovery from fraud or security incidents, or the unavailability of key staff or management resulting from a pandemic outbreak could delay and disrupt our ability to develop, deliver or maintain our products and services. This could cause harm to our business and reputation, resulting in the loss of customers or revenue.	Comprehensive business continuity plans and incident management programmes are maintained to minimise business and operational disruptions, including system or platform failure. Testing and confirmation of plans are performed to ensure business continuity relevance and training is maintained. The business operates a hybrid working policy, where all staff work regularly between the office and home as required. This provides greater resilience to the business and ensures we can maintain high service levels at all times.
Legal, regulatory & industry standards	
Risk of non-compliance with legal and industry standards	
The Group's operations require it to be compliant with certain standards including the Payment Card Industry Data Security Standard (PCI DSS) and wider security regulations such as the General Data Protection Regulation (GDPR) or the US Consumer Privacy Acts. Failure to comply with such regulations and standards could significantly impact the Group's reputation and could expose the Group to fines and penalties.	We continually audit, review and enhance our controls, processes and employee knowledge to maintain good governance and to comply with legal requirements and industry standards. Our new employees are carefully screened and follow a robust induction and security training programme. All employees are required to maintain ongoing security awareness training.
Loss or infringement of intellectual property rights	
The Group's success depends, in part, upon proprietary technology and related intellectual property rights. Some protection can be achieved but, in many cases, little protection can be secured. Third parties may claim that the Group is infringing their intellectual property rights or our intellectual property rights could be infringed by third parties. If we do not enforce or defend the Group's intellectual property rights successfully, our competitive position may suffer, which could harm our operating results. We may also incur costs from any legal action that is required to protect our intellectual property.	The Group, where appropriate and feasible, relies upon a combination of patent and trademark laws to protect our intellectual property. The Group also continues to monitor competitors in the market to identify potential infringements of our intellectual property rights. The Group would vigorously defend all third-party infringement claims.

Specific risk	Mitigation
HR & personnel	
Dependence on recruitment & retention of highly skilled personnel	
The ability of the Group to meet the demands of the market and compete effectively is, to a large extent, dependent on the skills, experience and performance of its personnel. In the last 18 months, we have found resources are more stable both in our current workforce and where we need to recruit in the open market for individuals with appropriate knowledge and experience in payment security, IT development, telecoms and support services. The inability to attract, motivate or retain key talent could have a serious consequence on the Group's ability to service client commitments and grow our business.	The Management team reviews key individuals regularly and career development plans are put in place for individuals. Compensation and benefits programmes are reviewed annually as part of the Annual Budget process and key individuals have been granted share awards as part of their benefits package to ensure Eckoh remains competitive in the marketplace. Employee feedback is encouraged, and a formal employee engagement survey will take place in the summer 2024, these formal staff engagement surveys are typically carried out every two years.
Products & clients	
Technological & product development	
The Group provides technical solutions for clients and their end customers. As customer preferences and technology solutions develop, competitors may create products and services that are superior to ours, which could result in the loss of clients or a reduction in revenue.	The Group is committed to continued research and investment in both existing and new products & technology to support its strategic plan. Product development roadmaps for Customer Engagement Data Security Solutions are managed centrally in the UK.
Dependence on key clients	
While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. Eckoh's largest customer accounted for less than 10% (FY23: < 10% of revenue) of total revenue.	We mitigate this risk by monitoring closely our contract performance, churn and renewal success with all customers by maintaining strong relationships. We continue to expand our customer base, particularly in the North America (NA) business.
Economic growth	
Executing the NA opportunity	
The Group has a low market share in NA, where there is a significant market opportunity for its Customer Engagement Data Security Solutions. The inability to execute in NA, win new clients and implement the wider Customer Engagement Data Security Solutions for clients, could have a material impact on the Group's results.	The Group sets clear targets for growth expectations for the NA business. We continually assess our performance and adapt our approach, taking into account our actual and anticipated performance. Product offerings are being extended to expand the reach of the services offered in NA. Cloud-based solutions have been adopted to ensure Eckoh offers all potential solutions that clients may demand.
Exchange rate	
The Group is exposed to the US dollar and the translation of net assets and income statements of its North American territory and, following the acquisition of Syntec, is also exposed to client contracts denominated in US dollars and Euros.	We regularly review and assess our exposure to changes in exchange rates. The Group does not hedge the translation effect of exchange rate movements on the Income Statement or Balance Sheet of the North American division. During the FY24 financial year client contracts acquired through the acquisition of Syntec have been novated to Eckoh Inc, mitigating the foreign exchange currency exposure in Syntec Limited.
Reputation of the Eckoh Group	
Damage to our reputation and our brand name can arise from a range of events such as poor solution design or product performance, unsatisfactory client services and other events either within, or outside, our control.	We address this risk by recognising the importance of our reputation, attempting to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality solutions, good client services and managing our business in a safe and professional manner. Eckoh has concluded its programme of ISO 9001 certification to further audit these measures.

BOARD OF DIRECTORS

Independent Directors

	Christopher Humphrey BA MBA FCIMA Non-Executive Chairman Appointed to the Board – 21 June 2017 Appointed Chairman – 21 September 2017 Committee Membership: Nominations (Chair), Audit, Remuneration (Chair)	Skills & Experience: Christopher is currently Chairman at Heywood Pension Technologies Limited and the Senior Independent Non-Executive Director and Chair of the Remuneration Committee at RM plc. He was previously a Senior Independent Non-Executive Director at AVEVA Group plc, Videndum plc (previously The Vitec Group plc), and a Non-Executive Director at Alterian plc and SDL plc. Christopher was formerly Group Chief Executive Officer of Anite plc from 2008 until August 2015, having joined Anite in 2003 as Group Finance Director. He has held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc.
	Guy Millward Non-Executive Director Appointed to the Board – 1 October 2016 Committee Membership: Audit (Chair), Nominations, Remuneration	Skills & Experience: Guy is currently Chief Financial Officer at Wilmington plc. He has extensive experience in senior finance positions at several publicly and privately held companies in the electronics, software and IT sectors. His previous roles include that of CFO at Imagination Technologies Group plc, Advanced Computer Software Group plc, Quixant plc, Metapack Limited and Bighand Limited, Group Finance Director at Alterian plc, Morse plc and Kewill plc. Guy is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).
Executive Directors		
	Nik Philpot Executive Director - Chief Executive Officer Appointed to the Board – 2 February 1999 Appointed to Chief Executive Officer – September 2006	Skills & Experience Nik is a founder of Eckoh with more than 30 years' experience in the voice services industry; he was originally at British Telecom before establishing a number of start-up businesses in the telecoms and technology sectors. As CEO of Eckoh, he has created a leading provider of Customer Engagement Data Security Solutions working with some of the largest global brands to enhance and protect interactions with their customers.
	Chrissie Herbert Executive Director - Chief Financial Officer & Company Secretary Appointed to the Board – 2 May 2017	Skills & Experience Chrissie has held several senior finance positions with both publicly listed and privately held businesses. Her considerable background in high growth, consumer-facing organisations includes Collect+ and Travelodge Hotels Ltd and she has gained payments experience from PayPoint plc, where she was UK & Ireland Finance Director. Chrissie qualified as a Chartered Accountant with KPMG and is a Fellow of the ICAEW.

CORPORATE GOVERNANCE

Chairman's Statement on Corporate Governance



Dear Shareholder,

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group's size, risk, complexity and stage of maturity.

The QCA Code follows 10 basic principles that require companies to provide an explanation of how they consider that they are meeting those principles through a set of disclosures on their website and in their Annual Report.

As Chairman of Eckoh plc, I am ultimately responsible for the Corporate Governance of the Group but the Board as a whole considers that good corporate governance is a key driver in the

success of the business and accountability to the Company's stakeholders, including Shareholders, clients, suppliers and employees is a vital element in that governance.

In this Governance section, we outline the Company's approach to Corporate Governance and how we have complied with the QCA Code. The Board considers that it does not depart from any principles of the QCA code. It is the intention that the information contained within the report will be updated annually alongside the publication of the Group's Annual Report or more frequently for any fundamental changes.

The Board was made up of three Non-Executive Directors and two Executive Directors up until February 2024. Following the resignation of David Coghlan, the Board is actively recruiting for a replacement Non-Executive Director.

The Board has delegated certain roles and responsibilities to its Audit, Nomination and Remuneration Committees while retaining overall responsibility.

During the year we have continued to develop our ESG strategy. Our ESG strategy is underpinned by our mission, to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. The ESG strategy encompasses the products we provide our clients, the way we provide them, the way we do business, both from an ethical approach and also with consideration for the environment. During the year we have updated our Carbon Reduction Plan, which details the progress we have made towards our targets. A further update can be found in the sustainability report on pages 17 to 20.

Christopher Humphrey
Chairman
10 June 2024

Quoted Companies Alliance Code Compliance

The following paragraphs set out the 10 QCA Code principles and how Eckoh has complied with those principles.

1. Establish a strategy and business model which promotes long-term value for Shareholders

The strategy and business model which explains the strategic objectives of the Group and how the Company generates and preserves value over the longer term are set out in the Strategic Report on pages 3 to 24 of this Annual Report.

The Board is collectively responsible for the long-term success of the Company and provides effective leadership by setting the strategic aim of the Company and overseeing the efficient implementation of these aims to achieve a successful and sustainable business. In practice, the Executive Directors prepare and present the strategic plan to the Board, which the Board challenges in order to determine the strategic priorities. On an ongoing basis, the Board ensures that the strategic plan is taken into consideration in its decision-making process.

2. Seek to understand and meet Shareholders' needs and expectations

The Directors consider that the Annual Report and Financial Statements play an important role in providing Shareholders with an evaluation of the Company's position and prospects. The Board aims to achieve clear reporting of financial performance to all Shareholders. The Board acknowledges the importance of an open dialogue with its institutional Shareholders and welcomes correspondence from private investors.

The Executive Directors have an ongoing programme of meetings with institutional investors and analysts twice a year for up to two weeks at a time. Feedback from these meetings is reported to the Board. The Non-Executive Chairman has held meetings during the year with the major Shareholders, independently of the Executive Directors.

In addition to the Annual Report and the Company's website, the Annual General Meeting (AGM) is an ideal forum at which to communicate with investors, and the Board encourages Shareholder participation. All Board members are planning to be present at the AGM and are available to answer questions from Shareholders.

The articles of association require that at the AGM one third, or as near as possible, of the Directors will retire by rotation.

However, as is best practise, all Directors will retire and put themselves forward for re-election at the AGM.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Eckoh's Sustainability Report focuses on our environmental, social and governance strategy and is found on pages 17 to 20. In addition to the stakeholders covered in the Sustainability Report, our customers are also important stakeholders, whose opinions and voices Eckoh values highly. We have various channels for customers and prospects to communicate with the Group, through regular business reviews and product forums, which are conducted by our Client Services team, to post-project reviews.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for establishing and maintaining sound risk management and internal control systems, and for the monitoring of these systems to ensure that they are effective and fit for purpose. The Audit Committee provides support to the Board in this regard and oversees the monitoring process. Further information on the risk management and internal control system is set out in the Audit Committee report on page 30.

The Directors have carried out a robust assessment of the principal risks facing the Group and how these risks could affect

the business, financial condition or operations of the Group. The explanation of these principal risks, including how they are being mitigated, can be found on page 23 to 24.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Group. The Chairman is ultimately responsible for Corporate Governance. However, the Board is responsible for defining the Corporate Governance policies.

The Board was made up of three Non-Executive Directors and two Executive Directors and has delegated certain roles and responsibilities to its Audit, Nomination and Remuneration Committees while retaining overall responsibility.

Non-Executive Directors are all independent and are expected to devote sufficient time to the Company to meet their responsibilities.

The Board and its Committees met regularly throughout the year with the meetings scheduled around key dates in the Company's corporate calendar. There were twelve scheduled meetings during the year and two meetings at short notice. Directors in principle attend all meetings either in person or by video or telephone conference arrangements. The table below shows Directors' attendance at Board and Committee meetings.

Directors' meeting attendance 2023/24

	Board		Audit		Remuneration		Nomination	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Executive Directors								
Chrissie Herbert	12	2	3 ¹	-	4 ¹	-	1 ¹	-
Nik Philpot	12	1	3 ¹	-	4 ¹	-	1 ¹	-
Non-Executive Directors								
Christopher Humphrey	12	2	3	-	4	-	1	-
David Coghlan	8 ²	2	3	-	4	-	1	-
Guy Millward	12	2	3	-	4	-	1	-

- By invitation. The Executive Directors are not members of any of the Board Committees and they attended only the committee meetings to which they were specifically invited.
- David Coghlan was unable to attend the December and January Board meeting.

At Board meetings the Chairman ensures that effective decisions are reached by facilitating debate and consultations with Management and external advisors as necessary. The work undertaken by the Board during the year is set out in the table below:

The agenda for each Board meeting includes the following as standing items:

- Risk analysis, including by risk, the risk factor and the monitoring mechanism
- Management report which is prepared and presented by the Chief Executive Officer
- Finance report, which is prepared and presented by the Chief Financial Officer and includes the management accounts and business performance, including forecast as appropriate.

Other matters which are covered by the Board routinely during the year include:

- Review of Annual Report and preliminary announcement
- Review of Executive Directors' presentation of the full-year results to analysts and investors
- Strategy session at which the Board considers Management's presentation of the Strategic Plan and gives its approval
- Review and approval of the interim management statements for release to the market
- Recommendation of the final dividend
- Company secretarial and legal
- Setting of the Board calendar for the year.

Divisions of roles and responsibilities

The Chairman is responsible for the leadership of the Board and ensuring the effectiveness of all aspects of its role. There is a clear division of responsibility between the Chairman and the Chief Executive, which is as follows:

Chairman

Christopher Humphrey is the Non-Executive Chairman. He is responsible for managing the Board and ensuring it works effectively. The roles and responsibilities of the Chairman for the financial year ended 31 March 2024 are outlined below.

- Setting the Board's agenda and ensuring the Board receives accurate, timely and clear information on all matters reserved to its decision and the Group's performance and operations
- Ensuring compliance with the Board's approved procedures
- Chairing the Nomination Committee and facilitating the appointment of effective and suitable members and Chairman of Board Committees
- Ensuring that there is effective communication by the Group with its Shareholders, including by the Chief Executive and Chief Financial Officer, ensuring that members of the Board develop an understanding of the views of the major investors in the Group
- Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level.

Chief Executive

Nik Philpot is the Chief Executive. He is responsible for running the Group's business, by proposing and developing the Group's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board. The roles and responsibilities of the Chief Executive are outlined below.

- Providing input to the Board's agenda and ensuring that reports provided to the Board are accurate, timely and include accurate information
- Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, compliance with the Board's approved procedures
- Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware
- Providing information and advice on succession planning to the Chairman, the Nomination Committee, and other members of the Board, particularly in respect of Executive Directors
- Leading the communication programme with Shareholders
- Promoting and conducting the affairs of the Group with the highest standards of integrity and corporate governance.

6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

All members bring different experiences and knowledge to the Board and between them, they provide a blend of business understanding, technical know-how, experience of public markets and financial expertise. The Board consider that this is appropriate to enable it to successfully execute its long-term strategy.

All members of the Board attend seminars and regulatory events to ensure that their knowledge is up-to-date and relevant. Where the Board considers it does not possess the necessary expertise or experience it will engage the services of professional advisors. The Board considers that the two Non-Executive Directors, including the Chairman, are independent.

The biographies of each of the Directors can be found on page 25.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

During the financial year ended 31 March 2024, the Chairman led a formal review of the Board, its Committees and each Director. The performance evaluation of the Chairman was undertaken by the Chair of the Audit Committee, Guy Millward. The review focussed on the following areas:

- the Board's role and scope of its authority, how it is led by the Chairman, the frequency and time allotted to the Board meetings and their agendas
- the Committees' terms of reference, leadership, the frequency and time allotted to the Committee meetings and their agendas
- the Directors' feedback was free-ranging and unstructured with guidance on areas to consider.

A Board evaluation process will be carried out annually.

8. Promote a corporate culture that is based on ethical values and behaviours

Our Stakeholders report on page 16 sets out how we do business with our clients and our suppliers. This Stakeholders report and our Sustainability report on page 17 sets out our ESG strategy which includes our culture. Our ESG strategy starts with our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. Our ESG strategy also covers the way we do business and includes the value we place on our employees and the culture we drive in the NA and UK&I business, with our Humanity value playing a significant part in the way we operate both internally with our employees and also with the communities we operate within.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board provides strategic leadership for the Company and ensures that the business operates within the Corporate Governance framework that has been adopted. Its prime purpose is to ensure the delivery of Shareholder value in the long term by

setting the business model and defining the strategic goals to achieve this.

The Board is supported by a Remuneration Committee, Audit Committee and Nomination Committee. Each Committee has formally delegated duties and responsibilities and the terms of reference for the Committees are reviewed annually. The Committee Chair is responsible for reporting, throughout the year, to the Board any recommendations or issues which require further consideration by the Board. The Board reviews annually the list of matters that are reserved for the Board.

The report on the Nomination Committee is set out below and the reports of the Audit Committee and the Remuneration Committee are set out on page 30 and page 32 respectively.

The role and responsibilities of the Chairman, Chief Executive and other Directors have been set out under principle 5 on page 28 of the Annual Report.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Company is committed to open communication with all its Shareholders. Communication with Shareholders is predominantly through the Annual Report and AGM. The last AGM results can be found on the Group's website. Other communications are in the form of full-year and half-year announcements, periodic market announcements (as appropriate) one-to-one meetings and investor roadshows. The Remuneration Committee report is included on pages 32 to 37.

The Group's website www.eckoh.com is regularly updated. Annual Reports and Notices of Meetings can be found on the Group website.

Committees of the Board

Nomination Committee

The Nomination Committee currently comprises Guy Millward and Christopher Humphrey, who is the Committee Chairman. It met once during the period and the details of meeting attendance are set out on page 27.

The Committee is responsible for considering and making recommendations on the appointment of additional Directors, the retirement of existing Directors and for reviewing the size, structure and composition of the Board and membership of Board Committees, which are considered against objective criteria. The Nomination Committee is actively involved in the recruitment of a third Non-Exec Director.

AUDIT COMMITTEE REPORT



Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present our report for the year ended 31 March 2024. The Committee has considered the integrity of the Group's financial reporting and provided advice to the Board that the 2024 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, providing Shareholders with the necessary information to assess the Company's position, performance, business model and strategy. The activities of the Committee are kept under review in line with regulatory and market developments.

The Audit Committee currently comprises myself and Christopher Humphrey. During the year and up to 12 February 2024 David Coghlan was also a member of the Audit Committee. The Board considers that I have recent and relevant financial experience in accordance with the Code. Full biographical details of each of the current Committee members, including relevant financial experience are set out on page 25.

The key responsibilities of the Audit Committee are as follows:

- monitoring the financial reporting process, including the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance including reviewing significant financial reporting judgements contained therein
- reporting to the Board on the appropriateness of the material accounting policy information and practices of the Group
- risk management and the effectiveness of the Group's system of internal financial control
- overseeing the external auditors including its scope and cost-effectiveness and monitoring and reviewing the independence of our external auditors and the provision of non-audit services to the Group
- overseeing the quality of the internal and external audit processes
- monitoring and reviewing the scope and areas internal audit should cover alongside the other programmes and process reviews the Company has.

The Committee has met three times during the year, inviting the external auditors, the Chief Financial Officer and the Chief Executive Officer to each of these meetings. During one of the Audit Committee Meetings, the auditors were present, without the Chief Financial Officer or the Chief Executive Officer being present. Details of meeting attendance are set out on page 27.

Guy Millward

Chairman Audit Committee

10 June 2024

In the year under review, the Audit Committee's activities were as follows:

Topic:	Actions:
Financial reporting	Assessed and reported to the Board on whether the Annual Report and Accounts were fair, balanced and understandable. Reviewed and discussed with the external auditors the key accounting considerations and judgements reflected in the Group's results for the year to 31 March 2024 (as reported below). Reviewed, together with the Board, the Risk Assessment and the going concern basis for preparation of the financial statements and recommendation of the going concern statement to the Board.
Audit plans and audit findings	Reviewed and agreed the external auditors' plan in advance of their audit for the year ended 31 March 2024. Discussed the report received from the external auditors regarding their audit in respect of the year ended 31 March 2024 which included comments on their findings on internal control and a statement of their independence and objectivity.
Risk management and internal controls	Reviewed the principal risks and the mitigation of these risks as set out on page 23 to 24. Reviewed and monitored the effectiveness and robustness of the Company's internal financial controls and processes and determined whether an internal audit function is required.
Committee governance	Reviewed and updated the Audit Committee terms of reference

The significant issues considered by the Committee in relation to the 2024 financial statements, and how these were addressed, were:

- **Risk of fraud in revenue recognition (including contract accounting)**
Revenue recognition is complex and can be judgemental. Controls are in place to ensure revenue is only recognised for product solutions such as the hosted Customer Engagement Data Security Solutions, when the client accepts the service. The provision of the solution is deemed to be one single performance obligation, which includes the hardware revenue, the implementation fees and the ongoing license fee revenue, which includes support and maintenance, all of which are spread evenly over the term of the contract once the solution has been delivered to the client. The costs directly attributable to the delivery of the hardware and the implementation fees will be capitalised as 'costs to fulfil a contract' and released over the contract term, thereby also deferring costs to later periods.
- **Management override of controls**
We are satisfied adequate controls are in place and use the monthly management reporting and the results of the external audit to assess this on an on-going basis.

External audit

An annual review of the effectiveness of the external audit is undertaken by the Committee.

The effectiveness of the audit process is underpinned by the appropriate audit planning and risk identification at the outset of the audit cycle. The auditors provide a detailed audit plan, which includes the level of materiality and its assessment of the risks and other key matters for review. For the year ended 31 March 2024, the primary risks identified were: risk of fraud in revenue recognition (including contract accounting) and management override of controls. The Committee reviews and challenges the work undertaken by the auditors to test Management's assumptions on these matters. An assessment of the effectiveness of the audit process in addressing these items is performed through the reporting received from the auditors at the year end. The Committee seeks feedback from management on the effectiveness of the audit process. No significant issues were raised with respect to the audit process for the financial year ended 31 March 2024 and the quality of the audit process was assessed to be good.

Based on the Committee's assessment, the Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of PricewaterhouseCoopers LLP as external auditors for the year ending 31 March 2025. There are no contractual obligations restricting the Committee's choice of auditors. A resolution for appointment of the auditors will be proposed at the forthcoming Annual General Meeting and is included in the Notice of Meeting which accompanies this report.

Non-audit services

The Committee reviews the level of non-audit fees for services provided by the auditors in order to satisfy itself that the auditors' independence is safeguarded. There were no non-audit fees paid to PricewaterhouseCoopers LLP in the year ended 31 March 2024.

In determining the most appropriate provider of non-audit services, the Committee will consider the knowledge and expertise of the potential providers and the proposed costs. Non-audit services will only be undertaken by the auditors where it is deemed to be the preferred provider and the provision of services poses no threat to its independence.

Details of the remuneration paid to the auditors for the statutory audit are set out in note 7.

Risk management and internal control

The review of risks facing the Group is shown on page 23 to 24. The Group has clearly defined lines of accountability and delegation of authority which are closely adhered to and include policies and procedures that cover financial planning and reporting, accounts preparation, information security, project governance and operational management. The reporting and review processes provide regular assurance to the Board as to the adequacy and effectiveness of internal controls.

There are ongoing processes for identifying, evaluating and managing the Company's significant risks, based on a combined ISO27001/9001 Information Security Management Systems (ISMS) Manual ensuring required internal controls are integrated into the Company's operations. Such processes are reported to, and reviewed by, the Board at each meeting. These processes have identified the risks most important to the Company (business, operational, financial, security and compliance),

determined the financial implications, and assessed the adequacy and effectiveness of their control. The reporting and review process provides routine assurance to the Board as to the adequacy and effectiveness of the internal controls.

Internal audit

The Audit Committee annually reviews the requirement for an internal audit function. Eckoh Group is subject to a number of externally audited certifications which were updated this year as well as the external audit of its financial statements; the Audit Committee has therefore not needed to recommend that the Board requires an internal audit function.

Guy Millward

Chairman Audit Committee

10 June 2024

REMUNERATION COMMITTEE REPORT



Dear Shareholder,

Following David Coghlan's resignation in February 2024, and whilst we appoint a new Non-Executive Director I have taken on the Remuneration Committee Chair role for the Board.

I am pleased to present our Remuneration Report for the financial year ended 31 March 2024, which has been approved by the Board.

This report is divided into two sections:

- The annual statement setting out the work of the Remuneration Committee in the financial year ended 31 March 2024; and
- The Remuneration Report, which sets out the Company's Remuneration Policy for Executive Directors and the Annual Remuneration Report detailing remuneration paid to Directors in the year ended 31 March 2024.

The membership and responsibilities of the Remuneration Committee are set out on page 32 of this report. Amongst its objectives, the Committee strives to ensure the Executive Directors' remuneration is aligned with the interests of Shareholders. The Remuneration Committee believes that Shareholders' interests are best served by linking a significant proportion of total potential remuneration to long-term performance.

In respect of the year under review, the Remuneration Committee's activities were as follows:

REMUNERATION REPORT

REMUNERATION POLICY REPORT

The following is a summary of the Policy that covers remuneration for Executive Directors of the Company.

	Purpose and link to strategy	Operation	Performance measures
Base salary	Base salary is set at a level to secure the service of talented Executive Directors with the ability to develop and deliver a growth strategy	Fixed contractual cash amount usually paid monthly in arrears Reviewed annually, with any increases taking effect from 1 April each year This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number	Not applicable

- The Remuneration Committee has reviewed the Remuneration Policy for Senior Management and key employees to ensure it remains in line with market conditions and supports the business' retention policy. As a result, a further tranche of Share Options was awarded to key employees in June 2023.

- Shares options equal to 109% of salary were granted to the CEO and CFO in June 2023, (the FY24 Awards). This was in line with the consultation with Shareholders in FY22 and the granting of share options in January 2022 and July 2022 to the CEO and CFO equal to 200% of their respective salaries (in line with the exceptional grant limit) (the FY22 Awards and FY23 Awards respectively).

Further details of the award targets are on page 33.

- The Committee approved an increase in the Chief Executive Officer's and Chief Financial Officer's salaries with effect from 1 April 2024 of 5%, reflecting pay increases within the Group's workforce and current market conditions
- The Base and Committee Chair fee of the Chairman and Non-Executive Directors were also increased by 5% from 1 April 2024
- Bonus payments were accrued for the Executive Directors and Senior Management for the financial year ended 31 March 2024. Those relating to the Executive Directors are set out on page 34. Bonus payments for staff members were accrued at an average of 5% of salary (FY23: 5%).

The Remuneration Report in respect of the financial year ended 31 March 2024, which includes the Remuneration Policy as set out below, will be put to the Company's Shareholders for an advisory vote at the AGM to be held on 12 September 2024. I encourage all Shareholders to vote in favour of this resolution and I look forward to the opportunity to meet with Shareholders at the AGM.

Christopher Humphrey
Chairman Remuneration Committee
10 June 2024

	Purpose and link to strategy	Operation	Performance measures
		of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	
Benefits	To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance Executive Directors are entitled to participate on the same terms as all UK employees in the UK Share Incentive Plan, the maximum contribution being £1,800 pa.	Not applicable
Annual Bonus	To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable Shareholder value.	Paid annually and based on performance in the relevant financial year Award levels for Executive Directors are up to 50% of the Executive's base salary. The performance measures are reviewed annually and the Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year.	Measurement criteria and targets for the annual bonus are set annually by the Committee Currently, up to 75% of the annual bonus is based on the achievement of annual targets set for the Group's adjusted earnings before interest, tax, depreciation and amortisation. The remainder is based on the achievement of annual personal objectives The Committee reserves the right to vary the measurement criteria and targets annually to ensure the annual bonus remains appropriate and challenging Targets are measured over a one-year period. Payments range between 0% and 50% of base salary for threshold and maximum performance.
Performance Share Plan ("PSP")	To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares. To link long-term rewards to the creation of long-term sustainable Shareholder value by way of delivering on the Group's agreed strategic objectives.	FY22 and FY23 Awards were granted to the Executive Directors, representing in each case 200% of the CEO's and CFO's respective salaries FY24 Award were granted to the Executive Directors, per the Scheme Rules at 109% of salary award level The FY22, FY23 and FY24 Awards will vest three years from the respective grant dates, subject to continued service and certain performance targets.	FY22, FY23 & FY24 Awards: 50% based on three-year Total Shareholder Return (TSR) targets - 25% vesting for compound growth in TSR of 7.5% pa - 100% vesting for compound growth in TSR of 15% pa or greater Straight line vesting for intermediate performance between threshold and maximum performance 50% based on three-year adjusted Earnings Per Share (EPS) growth targets - 25% vesting for compound growth in EPS of 7.5% pa - 100% vesting for compound growth in EPS of 15% pa or greater Straight line vesting for intermediate performance between threshold and maximum performance.
Pension contribution	To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears Executive Directors receive a contribution of 10% of base salary into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	Not applicable

ANNUAL REPORT ON REMUNERATION

The following section provides details of how Eckoh's Remuneration Policy was implemented during the financial year ended 31 March 2024. All narrative and quantitative tables are unaudited unless otherwise stated.

Remuneration Committee membership in 2023/24

The Remuneration Committee currently comprises myself and Guy Millward. The Committee members are all independent Directors and are responsible for developing policy on remuneration for the Executive Directors.

The Remuneration Committee is formally constituted with written terms of reference which set out the full remit of the Committee. The Remuneration Committee met five times during the year. The details of meeting attendance are set out on page 27.

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Chairman, to advise on specific questions raised by the Committee. The Chief Executive Officer and the Chief Financial Officer were not present

for any discussions that related directly to their own remuneration.

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review, the Committee received advice from FIT Remuneration Consultants LLP.

Summary of Shareholder voting at the 2023 AGM

The following table shows the results of the Shareholder advisory vote on the Annual Remuneration Report:

	Total number of votes	% of votes cast
For (including discretionary)	183,642,624	99.99%
Against	17,638	0.01%
Total votes cast (excluding withheld votes)	183,660,262	
Total votes withheld	11,874	
Total votes cast (including withheld votes)	183,672,136	

Directors' single figure of total remuneration

The following table sets out the single figure of total remuneration for Directors for the financial year ended 31 March 2024 and 2023:

	Base salary/fees		Benefits ¹		Pension		Annual bonus		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executive Directors										
Chrissie Herbert	204	196	15	14	20	20	28	61	267	291
Nik Philpot ²	349	339	19	18	-	-	44	96	412	453
Non-Executive Directors										
David Coghlan	37	38	-	-	-	-	-	-	37	38
Christopher Humphrey	69	66	-	-	-	-	-	-	69	66
Guy Millward	40	38	-	-	-	-	-	-	40	38
Total	699	677	34	32	20	20	72	157	825	886

1. Benefits include car allowance, healthcare cover and death in service.

2. N Philpot has elected to have all his Company pension contribution added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

Incentive outcomes for the year ended 31 March 2024

Annual bonus in respect of 2023/24 performance

The annual bonus for the Executive Directors and Senior Management for the year ended 31 March 2024 was based on the achievement of Adjusted Operating Profit before interest, tax, depreciation and amortisation (AOP) and personal objectives. Bonus payments were accrued for the Executive Directors at 13% of their base salary (FY23: 30%), compared with a maximum potential of 50%. The profit related element of the bonus was based on a sliding scale formula for achieving AOP in excess of a threshold established at the beginning of the year. Bonus payments for staff members were accrued at an average of 5% of salary (FY23: 5%).

Scheme interests awarded in the year ended 31 March 2024

Performance Share Plan ("PSP")

The table below provides details of the Awards made under the PSP in the year ended 31 March 2022, 31 March 2023 and 31 March 2024 to Nik Philpot and Chrissie Herbert. Performance for these awards is measured over three years from Grant.

Executive Director	Face value (% of salary)	Number of shares awarded	Face value ³ £	Potential award for minimum performance	Performance measures
Nik Philpot	73%	1,190,443 ¹	601,174	25% of face value	50% based on three-year TSR Return targets
	67%	1,477,014 ²	625,220		- 25% vesting for compound growth in TSR of 7.5% pa
	36%	920,243 ³	354,294		- 100% vesting for compound growth in TSR of 15% pa or greater
Chrissie Herbert	73%	749,985 ¹	378,742		50% based on three-year adjusted Earnings Per Share (EPS) growth targets.
	67%	930,527 ²	393,892		- 25% vesting for compound growth in EPS of 7.5% pa
	36%	579,757 ³	223,206		- 100% vesting for compound growth in EPS of 15% pa or greater
					Straight line vesting for intermediate performance between threshold and maximum performance.

1. FY22 Awards made under the PSP on 17 January 2022.
2. FY23 Awards made under the PSP on 20 July 2022.
3. FY24 Awards made under the PSP on 21 June 2023.
4. Face value has been calculated using the Company's three-day average share price immediately prior to each of the awards being granted; for the FY22 Award £0.505; for the FY23 Award £0.4233 and for the FY24 Award £0.385.

In the ten-year period from the 2017 AGM, the Company may not issue under the PSP and any other employees' Share plan adopted by the Company, interests in shares comprising in aggregate more than 10% of the issued Ordinary Share Capital of the Company.

Awards will normally vest on the later of the expiry of the third anniversary of the date of grant of the award and the date that the Committee determines the extent to which the applicable performance criteria have been satisfied and provided in normal circumstances that the participant is still a Director or employee of the Company's Group.

During the financial year ended 31 March 2024, awards were made to Senior Management and key individuals of Eckoh UK, Eckoh US and Syntec. Details of awards can be found in note 25.

Payments to past Directors

In the financial year ended 31 March 2024 and 2023, there were no payments made to past Directors.

Chairman and Non-Executive Directors fees

The Chairman and Non-Executive Directors were paid the following fees in the financial year ending 31 March 2024:

Role	2024 Annual fee £k
Chairman	69
Non-Executive Directors	34
Chairman of a Committee	6

Fees for the Chairman, Non-Executive Directors and Committee Chairmen are reviewed annually. Both the fees for the Chairman and Non-Executive Directors base salaries and the Committee Chairman fee for the Audit Committee and Remuneration Committee were increased by 5% from 1 April 2024 (FY23: 4% from 1 April 2023).

Directors' shareholdings

The shareholdings of the Directors and their connected persons in the Ordinary Shares of the Company against their respective shareholding requirement as at 31 March 2024.

	31 March 2024 Ordinary Shares of 0.25 pence each	31 March 2023 Ordinary Shares of 0.25 pence each
Nik Philpot ¹	7,051,285	7,051,285
Chrissie Herbert	35,000	35,000
Christopher Humphrey	525,000	525,000

1. Nik Philpot's spouse is the beneficial owner of 80,000 shares included above.

Directors' interests in shares in Eckoh's long-term incentive plans and all-employee plans

Directors' share options

The Directors' interests in share options are shown in the following table:

	Note	At 1 April 2023 (number)	Granted in year (number)	Lapsed in year (number)	Exercised in year (number)	At 31 March 2024 (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
Nik Philpot	1	1,190,443	-	-	-	1,190,443	0.00	17.01.25	17.01.32
Nik Philpot	1	1,477,014	-	-	-	1,477,014	0.00	20.07.25	20.07.32
Nik Philpot	1	-	920,243	-	-	920,243	0.00	21.06.26	21.06.33
Chrissie Herbert	2	500,000	-	-	-	500,000	47.50	21.06.20	21.06.27
Chrissie Herbert	1	749,985	-	-	-	749,985	0.00	17.01.25	17.01.32
Chrissie Herbert	1	930,527	-	-	-	930,527	0.00	20.07.25	20.07.32
Chrissie Herbert	1	-	579,757	-	-	579,757	0.00	21.06.26	21.06.33

1. Granted under the 2017 Eckoh plc Performance Share Plan ("PSP"), as approved at the 2017 AGM.
2. Granted under the 2016 LTIP (see below).

Long-Term Incentive arrangements for Directors

In addition to the PSP described above, the Company operates an additional long-term share incentive scheme for Directors and Senior Managers ("the 2016 LTIP"). The 2016 LTIP was implemented following prior discussions with major Shareholders of the Company. Under this scheme, the Company may issue a maximum of 2% of the share capital each year for the three years ending 31 March 2019 to the Senior Managers of the business. All options granted under this scheme carry an exercise price equal to the market price at the date of grant and are subject to vesting based on achievement of performance criteria. Grants of options under this arrangement were made in March 2016 and March 2017 to a total of 34 Senior Management employees. The Chief Executive Officer was not awarded any share options in the years ended 31 March 2016 and 31 March 2017.

Share options of 500,000 were awarded under the 2016 LTIP to Chrissie Herbert, Chief Financial Officer, following her appointment on 2 May 2017. These are disclosed in the above and below tables. Total grants under the 2016 LTIP have been as follows:

Date of issue	Number of Senior Management	Granted in year (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
23 March 2016	28	4,100,000	43.5	23.03.19	23.03.26
2 May 2016	1	500,000	43.5	02.05.19	02.05.26
13 October 2016	2	500,000	38.875	13.10.19	13.10.26
31 March 2017	21	4,000,000	39.5	31.03.20	31.03.27
21 June 2017	1	500,000	47.5	21.06.20	21.06.27

The Company does not intend to grant any further awards under the 2016 LTIP.

Share Incentive Plan

The Group operates a Share Incentive Plan (SIP) in the UK. The scheme and plan are open to all UK employees, including the Executive Directors. As at 31 March 2023 and 2024, Chrissie Herbert participates in the UK scheme and the details are shown below:

	Number of Partnership Shares purchased at 31 March 2023	Number of Matching Shares purchased at 31 March 2023	Dividend Shares ¹ acquired at 31 March 2023	Total Shares at 31 March 2023	Number of Partnership Shares ² purchased during the year	Matching Shares ³ awarded during the year	Dividend Shares acquired during the year	Dates of release of Matching Shares ⁴	Total Shares at 31 March 2024
Chrissie Herbert	21,875	43,750	2,427	68,052	4,909	9,818	1,533	Dec 21 – June 27	84,312

1. Dividend Shares are Ordinary Shares of the Company purchased with the value of dividends paid in respect of all other shares held in the plan.
2. Partnership Shares are Ordinary Shares of the Company purchased, every six months by the Company with the monthly contributions made by the employee, during the period (at prices from £0.35 to £0.41).
3. Matching Shares are Ordinary Shares of the Company awarded conditionally in line with the purchase of the Matching Shares every six months, during the period.
4. The dates used are based on the earliest allocation of the Matching Shares. Matching Shares will be released as each six-month Partnership Agreement matures, 3.5 years after commencing.

Executive Directors' service contracts

Nik Philpot has a service contract that is terminable on twelve months' notice by either party, while Chrissie Herbert has a service contract that is terminable on nine months' notice by either party.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment terminable by six months' notice on either side.

External advisors

The Committee received independent advice from FIT Remuneration Consultants LLP as the Committee's appointed remuneration advisor during the financial year ended 31 March 2024. During the year the level of fees paid to remuneration advisors totalled £3k (2023: £4k).

Christopher Humphrey
Chairman Remuneration Committee
10 June 2024

DIRECTORS' REPORT

The Directors present the Directors' Report, together with the audited financial statements for the year ended 31 March 2024.

Principal activities, results and likely future developments

The principal activities of the Group is the provision of Customer Engagement Data Security solutions, through a suite of patented products. Our products help protect sensitive customer data and can be performed via any customer engagement channel (voice, live chat, advanced speech, digital) and using any device the customer chooses.

In addition, our solutions which will enable our clients to 'Engage, Secure and Protect' their customers, will all be delivered through our multi-vendor and global cloud platforms. Further comments on the development of the business are included in the Chairman's Statement, Chief Executive's Report and Financial Review on pages 3 to 22.

The profits for the year after taxation amounted to £4.5 million (2023: £4.6 million).

Statutory information

Eckoh plc (The Company) is a Public Limited Company incorporated in the United Kingdom (Registration number 03435822). The Company's Ordinary Shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM).

The Company has a trading subsidiary, located in the USA, whose operations and results are included in the financial statements of the Company. The subsidiary undertakings are listed in note 17.

Directors

The Directors who held office during the year and up to the date of this report, are set out on page 25 along with their biographies and photographs.

David Coghlan, Non-Exec Director resigned on 12 February 2024. There were no other changes to the Directors who held office during the year and up to the date of this report.

Share capital

The Company has only Ordinary Shares of 0.25 pence nominal value in issue along with 2,252,770 of shares held in treasury. Note 23 to the consolidated financial statements summarises the rights of the Ordinary Shares as well as the number issued during the year ended 31 March 2024.

Substantial shareholdings

As at 31 March 2024, the Company had been advised under the Disclosure Guidance and Transparency Rules, or had ascertained from its own analysis, that the following held more than 3% of the issued capital:

Name of holder	No. of Ordinary Shares/ voting rights	% of issued capital/ voting rights
Canaccord Genuity Wealth Mgt.	40,892,911	13.98
Liontrust Asset Mgt.	40,185,588	13.74
Herald Investment Mgt.	16,048,723	5.49
Chelverton Asset Mgt.	15,628,022	5.34
Harwood Capital	15,250,000	5.22
Blackrock Investment Mgt.	11,551,649	3.95

Annual General Meeting (AGM)

The 2024 AGM will be held at 11:00 on 12 September 2024.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions and encourages Shareholders to vote in favour of each of them, as they intend to in respect of their own shareholdings.

Directors' and Officers' liability insurance and indemnification of Directors

The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and these remain in force at the date of this report.

Financial instruments

The financial risk management objectives and policies of the Group and the exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk are outlined in note 3 to the consolidated financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2023: £nil).

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approval of the financial statements. As at 31 March 2024, the £5 million of Revolving Credit Facility (RCF) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2024 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements. With the cash position at the end of March 2024 at £8.3 million and the cash flow forecasts prepared, which show continuing cash generation, the RCF facility will not be required after December 2024, when the facility expires.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. In NA, we continue to see the majority of the Secure Payments contracts won and delivered through Eckoh's cloud platforms, as large enterprises have accelerated their move to the cloud. The proportion of recurring revenue is higher for contracts delivered through the cloud, which also improves our operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK&I and NA businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including a severe but plausible downside scenario which assumes a reduction in new business of 25%. In all scenarios the Directors were able to conclude that the Group has

adequate cash to continue in operational existence for the foreseeable future.

Subsequent events

There were no events after the balance sheet date.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Dividends

No interim dividend was paid during the year (2023: Nil).

The Directors recommend the payment of a final dividend of 0.82p (2023: 0.74p) per Ordinary Share amounting to £2.4 million (2023: £2.2 million) to be paid on 18 October 2024. This recommendation will be put to the Shareholders at the Annual General Meeting.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue as the Company's auditors. As outlined in the Audit Committee report on page 30, resolutions proposing their appointment and to authorise their remuneration will be proposed at the 2024 AGM.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Chrissie Herbert
Company Secretary
10 June 2024

Independent auditors' report to the members of Eckoh plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Eckoh plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2024 (the "Annual Report"), which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 31 March 2024; the Consolidated statement of total comprehensive income, the Consolidated statement of changes in equity and the Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We conducted full scope audit work over the operations of Eckoh UK, Eckoh US and Syntec Limited due to their financial significance to the group. In addition, we performed a full scope audit of Eckoh plc ("the Company"). This was all performed centrally by us as the UK audit team.

Key audit matters

- Revenue recognition (group)
- Recoverability of investment in, and the loan to, subsidiary (parent)

Materiality

- Overall group materiality: £375,000 (2023: £388,000) based on 1% of total revenue.
- Overall company materiality: £667,000 (2023: £639,000) based on 1% of total assets (capped for the purpose of the group audit).
- Performance materiality: £281,000 (2023: £291,000) (group) and £500,000 (2023: £479,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud)

identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition (group)</i> Revenue during the year ended 31 March 2024 was £37,204k (FY23: £38,821k) as set out in the consolidated statement of total comprehensive income. The approach to revenue recognition as set out under IFRS 15 can be complex and judgemental, particularly for new or renewed customer contracts. Due to its expected impact on the Group, we deem revenue recognition as a key audit matter.	Our procedures included the following: - For a sample of new or renewed customer contracts, determined whether the Group had the right to recognise revenue during the year based on assessing the terms and nature of these contracts, along with any relevant operational activity that is supportive of the occurrence of revenue recognition and therefore whether the correct revenue recognition was applied in accordance with IFRS 15. - For a sample of recurring customer contracts, recalculated revenue recognised in accordance with the ongoing nature of these contracts and IFRS 15. - For a sample of new, renewed and recurring customer contracts with deferred revenue, we assessed management's judgements used in assessing the amounts deferred at the year end. - We also performed testing on certain unusual revenue journal entries posted during the year. Based on the procedures performed we noted no material uncorrected issues.
<i>Recoverability of investment in, and the loan to, subsidiary (parent)</i> The company held an investment in subsidiary undertakings and other investments of £52,304k (2023: £51,528k) as disclosed in Note 16 and had amounts receivable from subsidiary undertakings of £4,220k (2022: £4,297k) as disclosed in Note 19. The assessment of the recoverability of these assets required the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for a formal impairment assessment and therefore in assessing whether the carrying value of each investment and amounts owed by group undertakings are recoverable. As changes to these judgements and estimates could have a material impact on the company's financial statements, we consider this to be a key audit matter for the company.	Our procedures included the following: - Evaluating management's assessment of whether any indicators of impairment existed. - Assessing the recoverable value by reference to the net assets of the underlying subsidiaries and amounts owed by group undertakings with reference to the Directors' intentions and ability for the settlement of group-wide intercompany balances. - Verifying that Eckoh Plc's market capitalisation is higher than the total of the company's non-current and current assets. Based on the procedures performed, we noted no material issues from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Eckoh plc has both its corporate and operating headquarters in the United Kingdom. The audit engagement team is aligned to Eckoh plc's geographical organisation and largely reflects the management structure. As Eckoh plc's corporate headquarters are based in the UK, the Group audit engagement team is also based in the UK with no support required from any auditors from other territories. The largest trading entities are Eckoh UK Limited and Eckoh US Inc. These entities, along with Syntec Limited and the Company, were the only components requiring an audit of their complete financial information for the purposes of the consolidated Group audit.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements - company
<i>Overall materiality</i>	£375,000 (2023: £388,000).	£667,000 (2023: £639,000).
<i>How we determined it</i>	1% of total revenue	1% of total assets (capped for the purpose of the group audit)
<i>Rationale for benchmark applied</i>	We have applied this benchmark as a generally accepted auditing practice for Group's at the growth stage and based on what management deems to be a key performance indicator.	We believe that total assets is the primary measure used by the shareholders in assessing the performance and position of the company, and is a generally accepted benchmark. The value is capped for the purpose of the group audit.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £180,000 to £337,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £281,000 (2023: £291,000) for the group financial statements and £500,000 (2023: £479,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £18,750 (group audit) (2023: £19,400) and £33,300 (company audit) (2023: £31,900) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the Directors' assessment supporting their going concern assumption, which included cash flow forecasts for the future. We discussed with management the assumptions applied in the going concern review so we could understand and challenge the rationale for the assumptions in the forecasts, using our knowledge of the business and gained from our audit. We tested the forecasts mathematical accuracy and considered the reasonableness of the revenue and cost assumptions made and therefore the available headroom throughout a period of at least twelve months from the date of approval of the financial statements; and
- We reviewed management's sensitivity analysis including their severe but plausible downside scenario. We considered potential mitigating actions available to the Group that are achievable and within management's control. We then assessed the availability of liquidity under the different scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of AIM regulations, Payment Card Industry Data Security Standards (PCI DSS) and General Data Protection Regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial

statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that Group and Company management may record inappropriate journal entries, and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspection of policy documentation as to the Group and Company's policies and procedures to prevent and detect fraud;
- Enquiring of those charged with governance and management as to whether they have knowledge of any actual, suspected or alleged fraud and breaches of laws and regulations;
- Reviewing board meeting minutes during the year;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenses incurred during the year to assess any unknown litigation or non compliance with laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations; and
- Testing key accounting estimates which could have a risk of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Imran Younus (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

10 June 2024

Consolidated statement of total comprehensive income

for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Continuing operations			
Revenue	4	37,204	38,821
Cost of sales		(6,168)	(7,578)
Gross profit	4	31,036	31,243
Administrative expenses		(27,790)	(26,223)
Operating profit		3,246	5,020
Adjusted operating profit		8,327	7,736
Amortisation of acquired intangible assets	13	(2,479)	(2,473)
Expenses relating to share option schemes	25	(771)	(40)
Exceptional restructuring costs	8	(531)	-
Exceptional legal fees and settlement agreements	9	(1,300)	(203)
Profit from operating activities	5	3,246	5,020
Finance charges	10	(45)	(53)
Finance income	10	234	53
Profit before taxation		3,435	5,020
Taxation	11	1,109	(383)
Profit for the financial year		4,544	4,637
Other comprehensive expense			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences - foreign operations		(90)	(389)
Other comprehensive expense for the year, net of income tax		(90)	(389)
Total comprehensive income for the year attributable to the equity holders of the Company		4,454	4,248
		2024	2023
Profit per share		pence	pence
Basic earnings per 0.25p share	12	1.56	1.58
Diluted earnings per 0.25p share	12	1.50	1.55

Consolidated statement of financial position
as at 31 March 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	13	35,334	37,500
Property, plant and equipment	14	4,222	4,181
Right-of-use leased assets	15	788	995
Deferred tax assets	11	570	129
		40,914	42,805
Current assets			
Inventories	18	216	254
Trade and other receivables	19	12,599	11,778
Cash and cash equivalents	20	8,309	5,740
		21,124	17,772
Total assets		62,038	60,577
Liabilities			
Current liabilities			
Trade and other payables	21	(14,356)	(16,190)
Lease liabilities	15	(485)	(482)
Provisions for liabilities	22	(1,365)	-
		(16,206)	(16,672)
Non-current liabilities			
Lease liabilities	15	(344)	(569)
Deferred tax liabilities	11	(218)	(1,528)
		(562)	(2,097)
Net assets		45,270	41,808
Equity			
Called up share capital	23	732	732
Share premium account	23	22,180	22,180
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Currency reserve		642	732
Retained earnings		18,821	15,269
Total equity		45,270	41,808

The financial statements were approved by the Board of Directors on 10 June 2024 and signed on its behalf by:



C Herbert
Chief Financial Officer
Company Registration Number 3435822

Company statement of financial position

as at 31 March 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	2,781	2,824
Investments in group companies	16	52,304	51,528
Deferred tax asset		75	2
Long-term debtor	19	4,220	4,297
		59,380	58,651
Current assets			
Trade and other receivables	19	62	34
Cash and cash equivalents	20	7,349	5,222
		7,411	5,256
Total assets		66,791	63,907
Liabilities			
Current liabilities			
Trade and other payables	21	(29,017)	(31,555)
		(29,017)	(31,555)
Net assets		37,774	32,352
Equity			
Called up share capital	23	732	732
Share premium account	23	22,180	22,180
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Retained earnings		11,967	6,545
Total equity		37,774	32,352

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own income statement in these financial statements. The Company's profit after tax for the year was £6,995,000 (2023: £424,000). The financial statements were approved by the Board of Directors on 10 June 2024 and signed on its behalf by:



C Herbert
Chief Financial Officer
Company Registration Number 3435822

Consolidated statement of changes in equity
for the year ended 31 March 2024

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Currency reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	732	22,180	198	2,697	732	15,269	41,808
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	4,544	4,544
Other comprehensive expense for the year	-	-	-	-	(90)	-	(90)
Total comprehensive income for the year	-	-	-	-	(90)	4,544	4,454
Dividends paid in the year	-	-	-	-	-	(2,164)	(2,164)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(11)	(11)
Shares purchased for share ownership plan	-	-	-	-	-	(174)	(174)
Share based payment charge	-	-	-	-	-	776	776
Deferred tax on share options	-	-	-	-	-	581	581
Transactions with owners recorded directly in equity	-	-	-	-	-	(992)	(992)
Balance at 31 March 2024	732	22,180	198	2,697	642	18,821	45,270

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Currency reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	732	22,180	198	2,697	1,121	12,815	39,743
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	4,637	4,637
Other comprehensive expense for the year	-	-	-	-	(389)	-	(389)
Total comprehensive income for the year	-	-	-	-	(389)	4,637	4,248
Dividends paid in the year	-	-	-	-	-	(1,959)	(1,959)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(2)	(2)
Shares purchased for share ownership plan	-	-	-	-	-	(120)	(120)
Share based payment charge	-	-	-	-	-	(102)	(102)
Transactions with owners recorded directly in equity	-	-	-	-	-	(2,183)	(2,183)
Balance at 31 March 2023	732	22,180	198	2,697	732	15,269	41,808

Company statement of changes in equity
for the year ended 31 March 2024

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2023	732	22,180	198	2,697	6,545	32,352
Profit for the financial year and total comprehensive income	-	-	-	-	6,995	6,995
Dividends paid in the year	-	-	-	-	(2,164)	(2,164)
Shares transacted through Employee Benefit Trust	-	-	-	-	(11)	(11)
Shares purchased for share ownership plan	-	-	-	-	(174)	(174)
Share based payment charge	-	-	-	-	776	776
Transactions with owners recorded directly in equity	-	-	-	-	(1,573)	(1,573)
Balance at 31 March 2024	732	22,180	198	2,697	11,967	37,774

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total Shareholders' equity £'000
Balance at 1 April 2022	732	22,180	198	2,697	8,304	34,111
Profit for the financial year and total comprehensive income	-	-	-	-	424	424
Dividends paid in the year	-	-	-	-	(1,959)	(1,959)
Shares transacted through Employee Benefit Trust	-	-	-	-	(2)	(2)
Shares purchased for share ownership plan	-	-	-	-	(120)	(120)
Share based payment charge	-	-	-	-	(102)	(102)
Transactions with owners recorded directly in equity	-	-	-	-	(2,183)	(2,183)
Balance at 31 March 2023	732	22,180	198	2,697	6,545	32,352

Consolidated statement of cash flows
for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	28	7,113	6,956
Tax paid		(49)	(178)
Interest paid on lease liability	10	(45)	(53)
Net cash generated from operating activities		7,019	6,725
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(690)	(613)
Additions of intangible assets	13	(869)	(570)
Interest received	10	234	53
Net cash used in investing activities		(1,325)	(1,130)
Cash flows from financing activities			
Dividends paid		(2,164)	(1,959)
Principal elements of lease payments	15	(700)	(564)
Shares purchased for share ownership plan		(174)	(120)
Cash outflow from acquiring shares from the Employee Benefit Trust		(11)	-
Net cash used in financing activities		(3,049)	(2,643)
Increase in cash and cash equivalents			
Cash and cash equivalents at the start of the period	20	5,740	2,840
Effect of exchange rate fluctuations on cash held		(76)	(52)
Cash and cash equivalents at the end of the period	20	8,309	5,740

The notes on pages 50 to 75 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2024

General Information

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Eckoh plc is a public Company limited by shares and is incorporated in the United Kingdom and registered in England under the Companies Act 2006. The address of the Company's registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

Eckoh plc (the "Company") is a global provider of Customer Engagement Data Security Solutions.

The Group financial statements consolidate its subsidiaries (together referred to as the "Group"). The Company's financial statements present information about the Company as a separate entity and not about its Group.

1. Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company's financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", and applicable law). The Company has also applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Comparative period reconciliation for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- IFRS 2 Share based payments in respect of group settled share-based payments.

These financial statements have been prepared on a going concern basis and under the historical cost convention.

The Group's and Company's financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented have been rounded to the nearest one thousand, except where stated.

New accounting standards effective for the Group and Company in these financial statements:

No new or revised accounting standards had a material impact on the Group.

There are a number of other amendments and clarifications to IFRS effective in future years, which are not expected to significantly impact the Group's consolidated results or financial position.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider

whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. As at 31 March 2024, the £5 million of Revolving Credit Facility (RCF) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2024 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements. With the cash position at the end of March 2024 at £8.3 million and the cash flow forecasts prepared, which show continuing cash generation, the RCF facility will not be required after December 2024, when the facility expires.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. In NA, we continue to see the majority of the Secure Payments contracts won and delivered through Eckoh's cloud platforms, as large enterprises have accelerated their move to the cloud. The proportion of recurring revenue is higher for contracts delivered through the cloud, which also improves our operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK & ROW and NA businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including a severe but plausible downside scenario which assumes a reduction in new business assumed of 25%. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

2. Summary of material accounting policy information

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's and Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

Critical accounting estimates and assumptions

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The policies, and the related notes to the financial statements, are found below:

Impairment of investments in subsidiaries and recoverability of intercompany receivables (Company only)

The Company has an investment in subsidiaries balance of £52.3million (2023: £51.5 million) and intercompany receivables of £4.2 million (2023: £4.3 million). The company assess the carrying values of its investments in subsidiaries and the recoverability of intercompany receivables at the end of each reporting period. The estimation of the recoverable values

require an estimation of future cash flows from each subsidiary and selection of appropriate discount rates in order to determine the net present value of the cash flows.

Impairment of Goodwill and intangible assets

As part of impairment testing, the Group is required to estimate the recoverable amount of CGU's by estimating future cash flows. The assumptions involved in estimating the recoverable amount include future growth rates and the discount rates used. Changing the assumptions selected by management could significantly affect the amount of headroom that currently exists.

Share based payments

The fair value of share-based payments is estimated using the methods detailed in note 25 and using certain assumptions. The Black Scholes and Monte Carlo valuation models have been used in determining the fair value of share-based payments. The key assumptions around volatility, expected life and risk-free rate of return are based, respectively, on historic volatility over a similar previous period, management's estimate of the average expected period to exercise, and the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

Deferred taxation

The key estimates made for deferred taxation are on the future profitability of the business and the Company the trading will reside in or capital expenditure to determine whether deferred tax assets should be recognised. At 31 March 2024, the Group recognised deferred tax assets of £2.4 million and deferred tax liabilities of £2.0 million. Included within the deferred tax asset of £2.4 million is £1.3 million in respect of tax losses and tax credits and included within the deferred tax liabilities of £2.8 million is £1.7 million in respect of the intangible assets arising from the acquisition of Syntec. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits and capital expenditure differ from estimates.

Critical accounting judgements

Deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences but, where there exist deductible temporary differences, judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. Deferred tax assets amounting to £0.4 million were not recognised in respect of non-trading losses and £7.2 million in respect of capital losses have not been recognised due to the statutory entity the losses arose in.

Basis of consolidation

(a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

(c) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the fair value of the consideration paid over the fair value attributable to the separately identifiable net assets acquired and is capitalised on the Group balance sheet.

Goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised in the period in which it is identified.

(b) Acquired intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Where necessary the fair value of assets at acquisition and their estimated useful lives are based on independent valuation reports.

Acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over estimated lives, on the following bases:

Customer relationships – 5 years
Intellectual property – 5 years
Trade name – 3 years

(c) Research and development

Research costs are charged to the income statement in the year in which they are incurred. Development expenses include expenses incurred by the Group to set up or enhance services to clients. Development costs that mainly relate to staff salaries are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs that do not meet those criteria are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset, which is generally assumed to be three years.

Amortisation is charged to administrative expenses in the income statement.

The carrying value of intangible assets is assessed at the end of each financial year for impairment.

Impairment of non-financial assets

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and the value-in-use based on an internal discounted cash flow evaluation. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Property, plant and equipment is stated at cost or fair value at acquisition, net of depreciation and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising on the disposal of an asset is determined by comparing the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its expected useful life, as follows:

Land – is not depreciated
Buildings – 25 years
Fixtures and equipment – between 3 and 6 years
Leasehold improvements – over the term of the lease

Material residual values and useful lives are reviewed, and adjusted if appropriate, at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Company holds an investment property, which comprises of freehold land and office buildings that are held for capital appreciation.

The Investment Property was initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

Financial assets

Trade and other receivables

Trade and other receivables do not carry interest and are stated at their fair value at inception and subsequently at amortised costs as reduced by allowances for estimated irrecoverable amounts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for an extended period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

In the cash flow statement, cash and cash equivalents comprise cash and cash equivalents as defined above.

Credit and liquidity risk management is described in note 3.

Equity

Equity comprises the following:

Share capital represents the nominal value of Ordinary Shares.

Capital redemption reserve represents the maintenance of capital following the share buy back and tender offer.

Share premium account represents consideration for Ordinary Shares in excess of the nominal value.

Merger reserve represents consideration in excess of the nominal value of shares issued on certain acquisitions.

Currency reserve represents exchange differences arising on consolidation of Group companies with a functional currency different to the presentation currency.

Retained earnings represent retained profits less losses and distributions.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, with the exception of exchange differences arising on quasi-equity liabilities which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The Group does not enter into forward contracts to hedge forecast transactions.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. Such translation differences would be reclassified to profit and loss in the period in which the operation is disposed of.

Leases

Leases are recognised in accordance with IFRS 16, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. Interest expense is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Where leases include an element of variable lease payment or the option to extend the lease at the end of the initial term, each lease is reviewed and a decision is made on the likely term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement, during the year there was the rental of a storage unit.

Employee Benefits

(a) Pensions

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

(b) Bonus schemes

The Group recognises a liability and an expense for bonuses payable to i) employees based on achievement of a series of financial targets; and ii) Senior Management and Executive Directors based on achievement of a series of financial and non-financial targets.

(c) Share-based payments

From time to time on a discretionary basis, the Board of Directors award high-performing employee's bonuses in the form of share options. The options are subject to a three-year vesting period and their fair value is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period. The fair value of share options granted is recognised within staff costs with a corresponding increase in equity. The proceeds received are credited to share capital and share premium when the options are exercised.

The fair value of share options was measured using the Black Scholes and Monte Carlo valuation models, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold of vesting.

IFRS 2 has been applied to all options granted after 7 November 2002 that have not vested on or before 1 April 2006. A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date (see separate policy).

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's shares at the balance sheet date and is spread over the vesting period of the share options.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase to equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

(d) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ('ESOP') is a separately administered trust. The assets of the ESOP comprise shares in the Company and cash. The assets, liabilities, income and costs of the ESOP have been included in the financial statements in accordance with SIC 12, 'Consolidation - Special purpose entities' and IAS 32, 'Financial Instruments: Disclosure and Presentation'. The shares in the Company are included at cost to the ESOP and deducted from Shareholders' funds. When calculating earnings per share these shares are treated as if they were cancelled.

(e) US share save scheme

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees are invited to enrol in the 2019 Sharesave Scheme annually and are granted an option to purchase up to a number of Ordinary Shares at the end of the offering period. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

Exceptional items

If the Group incurs irregular or one-off costs for example due to the closure of an activity, following the acquisition of a business or for one-off legal costs and settlement income these costs and income are disclosed in the Income Statement as exceptional items and excluded from adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) and excluded from Adjusted Operating Profit. Adjusted measures are used by management in order to eliminate factors which distort year-on-year comparisons.

Revenue recognition

The Group recognises revenue in accordance with IFRS 15: Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. Revenue represents the fair value of the sale of goods and services and after eliminating sales within the Group and excluding value added tax or overseas sales taxes. The following summarises the method of recognising revenue for the solutions and products delivered by the Group.

(i) Secure Payment solutions and hosted services

Due to the unique nature of the Secure Payments solution and clients' reliance on Eckoh's and Syntec's PCI-DSS Level 1 compliance, the delivery and on-going support and maintenance of the Secure Payments solution under IFRS 15 is one single performance obligation. Therefore, revenue for implementation fees for our hosted Secure Payments solution and our hosted Customer Contact services; and revenue for hardware and implementation fees for our hosted or onsite Secure Payments solution are typically received at the beginning of the contract and held on the balance sheet as contract liabilities. This revenue is recognised evenly over the period of the contract from the point of delivery of the solution to the client. Costs directly attributable to the delivery of the hardware, the implementation fees and the sales commission costs are deferred onto the balance sheet and held as contract assets and released over the contract term from the point of delivery of the solution to the client.

In addition to the initial set-up costs, there are on-going licence fees as well as support and maintenance and running costs of the service. In the NA business and the Syntec business where the Secure Payments business is contracted on an Opex style basis the monthly licence fee charged to the client is recognised in the month it relates to. In the UK&I, clients have a variety of commercial models including fixed licence fees and transactional arrangements, the revenue, whether it is the fixed monthly fee or based on transactions is recognised in the month it relates to.

(ii) Coral product

Revenue arises from the sale of licences, historically on a perpetuity basis and in more recent years on an Opex/SaaS style basis, implementation fees and on-going support and maintenance. Under IFRS 15, each component is defined as a performance obligation. Revenue is recognised for sales of licences when they are delivered to the client; revenue from implementation fees is recognised by estimating a percentage of completion based on the direct labour

costs incurred to date as a proportion of the total estimated costs required to complete the implementation; and revenue for on-going support and maintenance is recognised each month as the service is provided.

(iii) Telephony services

Syntec is Ofcom regulated and has a small number of contracts with clients to provide telecommunication services. These revenues are based on transactional volume and are recognised in the month it relates to.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not provided if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group or Company becomes a party to the contractual provisions of the instrument. Financial liabilities are stated at amortised cost.

A financial liability is derecognised only when the obligation is discharged, is cancelled or it expires.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

3. Financial risk management

The operations of the Group expose it to a variety of financial risks: liquidity risk, interest rate risk, foreign currency risk and credit risk. Policies for managing these risks are set by the Board following recommendations from the Chief Financial Officer. All financial risks are managed centrally. The policy for each of the above risks is described in more detail below.

The Group's financial instruments comprise cash, short-term deposits and various items, such as receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. Similarly, the Group did not undertake any financial hedging arrangements during the year under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year-end.

Liquidity risk

Through detailed cash flow forecasting and capital expenditure planning, the Group monitors working capital and capital expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations as they fall due. Cash at bank is pooled and invested in overnight money market accounts and deposits.

Interest rate risk

The Group principally finances its operations through Shareholders' equity and working capital. The Group and Company has exposure to interest rate fluctuations on the RCF, its cash and short-term deposits.

The Group has adopted a sensitivity analysis that measures changes in the fair value of financial instruments and interest-bearing loans and any resultant impact on the income statement of an increase or decrease of 5% in market interest rates.

	5% decrease in interest rates £'000	5% increase in interest rates £'000
Impact on financial interest in the income statement: (loss)/gain	(172)	172

Foreign currency risk

The Group's principal exposure to exchange rate fluctuations arises on the translation of overseas net assets, profits and losses into the presentation currency. This risk is managed by taking differences that arise on the retranslation of the net overseas investments to the currency reserve. Foreign currency risk on cash balances is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes. No sensitivity analysis is provided in respect of foreign currency risk, as due to the Group's working capital management practices the risk is considered to be moderate. The risk is further explained in the principal risks and uncertainties on pages 23 to 24.

Capital management

The Board's policy is to maintain a strong capital base with the joint objectives to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital comprises all components of equity (i.e. share capital, capital redemption reserve, share premium and retained

earnings). The Board manages the capital structure and makes adjustments as required in light of changes in economic conditions. The Board may return capital to Shareholders, issue new shares or sell assets in order to maintain capital.

Credit risk management is described in note 19.

Financial assets – amortised costs

	2024 £'000	2023 £'000
<i>Current financial assets</i>		
Trade receivables (note 19)	6,636	5,151
Other receivables (note 19)	2,289	670
Accrued income (note 19)	973	2,364
Cash & cash equivalents (note 20)	8,309	5,740
Total financial assets	18,207	13,925

Financial liabilities – amortised costs

	2024 £'000	2023 £'000
Trade payables (note 21)	1,727	1,271
Other payables (note 21)	301	289
Accrued liabilities (note 21)	2,762	3,726
Lease liabilities (note 15)	829	1,051
Total financial liabilities	5,619	6,337

Maturity

The table below analyses the Group's financial liabilities into relevant maturity groupings on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<i>Maturity of financial liabilities 2024</i>	<1yr	1 – 2yrs	2 – 5 yrs
Trade and other payables ¹	4,638	-	152
Lease liabilities	485	244	100
Total financial liabilities	5,123	244	252

1. Excluding deferred revenue.

<i>Maturity of financial liabilities 2023</i>	<1yr	1 – 2yrs	2 – 5 yrs
Trade and other payables ¹	5,143	-	143
Lease liabilities	482	266	303
Total financial liabilities	5,625	266	446

1. Excluding deferred revenue.

Other interest-bearing loans and borrowings

Information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost, are disclosed below. For more information about the Group's exposure to interest rate and foreign currency risk, see above.

	2024 £'000	2023 £'000
Non-current financial liabilities		
Secured bank loans	-	-
Current financial liabilities		
Current portion of secured bank loans	-	-

Terms and debt repayment schedule

Eckoh plc has a £5.0 million Revolving Credit Facility (RCF) with Barclays Bank. The RCF is for a term of three years from December 2021, interest is 2.5% above the Bank of England base rate and there is a non-utilisation fee of 0.88%.

As at 31 March 2024, there was no debt drawn under the RCF.

The collateral to these loans is the land and buildings carrying value of £3 million.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the reporting period. Diluted EPS is determined by adjusting the weighted average number of Ordinary Shares outstanding for the effects of all potential dilutive Ordinary Shares.

The Group presents adjusted basic and diluted earnings per share ("Adjusted EPS") data for its Ordinary Shares. Adjusted EPS is defined as profit before tax, expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring costs and costs relating to business combinations with tax applied at the standard corporation tax rate.

Dividends

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Shareholders. Interim and Special dividends are recorded in the financial statements in the period in which they are approved and paid.

Determination and presentation of operating segments

The Eckoh Group determines and presents operating segments based on the information that is provided internally to the Executive Management team, considered to be the Chief Operating Decision Maker.

The key segments reviewed at Board level are North America (NA) and UK & Rest of World (UK & ROW).

Alternative performance measures (APMs)

The Directors consider that disclosing alternative performance measures enhances Shareholders' ability to evaluate and analyse the underlying financial performance of the Group. They have identified adjusted operating profit and adjusted EBITDA as measures that enable the assessment of the performance of the Group and assists in financial, operational and commercial decision-making. In adjusting for this measure the Directors have sought to eliminate those items of income and expenditure that do not specifically relate to the underlying operational performance of the Group in a specific year. The table below reconciles operating profit to adjusted operating profit¹ and

adjusted EBITDA² identifying those reconciling items of income and expense.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating profit	3,246	5,020
Amortisation of acquired intangible assets	2,479	2,473
Expenses relating to share option schemes	771	40
Exceptional restructuring costs	531	-
Exceptional legal fees and settlement agreements	1,300	203
Adjusted operating profit¹	8,327	7,736
Amortisation of other intangible assets	516	398
Depreciation of owned assets	636	643
Depreciation of leased assets	681	617
Adjusted EBITDA²	10,160	9,394

1. Adjusted operating profit is the profit from operating activities adjusted for expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional items.

2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation, amortisation, expenses relating to share option schemes and exceptional items.

4. Segment analysis

The key segments reviewed at Board level are North America (NA), UK and Rest of World (UK & ROW).

Information regarding the results of each operating segment is included below. Performance is measured on operating segments based on the information that is provided internally to the Executive Management team, considered to be the Chief Operating Decision Maker.

Current period segment analysis	NA £'000	UK&ROW £'000	Total 2024 £'000
Segment Revenue	18,000	19,204	37,204
Gross profit	14,582	16,454	31,036
Administrative expenses	(9,535)	(18,255)	(27,790)
Operating profit	5,047	(1,801)	3,246
Adjusted operating profit	5,440	2,887	8,327
Other expenses ¹	(393)	(4,688)	(5,081)
Operating profit	5,047	(1,801)	3,246
Profit before taxation	5,032	(1,597)	3,435
Segment assets			
Trade and other receivables	3,636	5,289	8,925
Prepayments and contract assets	1,647	2,027	3,674
Segment liabilities			
Trade and other payables	452	2,660	3,112
Accruals and contract liabilities	6,667	4,577	11,244
Capital expenditure			
Purchase of tangible assets	21	669	690
Purchase of leases	-	478	478
Additions of intangible assets	-	869	869
Depreciation and amortisation			
Depreciation of property, plant & equipment	234	402	636
Depreciation of leased assets	86	595	681
Amortisation	166	2,829	2,995

1. Other expenses comprise expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional costs.

In 2024 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group. In 2023 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group.

Revenue by geography	NA £'000	UK & ROW £'000	Total 2024 £'000
United States of America & Canada	18,000	-	18,000
UK & ROW	-	19,204	19,204
Total Revenue	18,000	19,204	37,204

Timing of revenue recognition	NA £'000	UK & ROW £'000	Total 2024 £'000
Services transferred over time	14,742	16,578	31,320
Services transferred at a point in time	3,258	2,626	5,884
	18,000	19,204	37,204

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2024 £'000	2023 £'000
Receivables, which are included in, 'Trade and other receivables'	6,636	5,151
Contract assets which are included in 'Trade and other receivables'	1,340	2,364
Contract liabilities which are included in 'Trade and other payables'	(8,482)	(9,909)
	(506)	(2,394)

Payment terms and conditions in client contracts may vary. In some cases, clients pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

Contract assets result when costs directly attributable to the delivery of the hardware and the implementation fees are capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods and revenue earned not yet invoiced.

Contract liabilities result from client payments in advance of the satisfaction of the associated performance obligations and relate primarily to revenue for hardware and implementation fees. Contract liabilities are released as revenue is recognised.

Contract assets and contract liabilities are reported on a contract-by-contract basis at the end of each reporting period.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	31 March 2024		31 March 2023	
	Contract assets £'000	Contract liabilities £'000	Contract assets £'000	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	4,734	-	6,754
Current year billings recognised in contract liabilities	-	2,560	-	3,575
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	1,664	-	2,600	-
Costs deferred in current year and unbilled revenue included in contract assets	775	-	1,115	-
Contract costs			31 March 2024 £'000	31 March 2023 £'000
Deferred implementation costs			636	958
Deferred hardware costs			139	157
			775	1,115

Contract costs are capitalised as 'costs to fulfil a contract' and are amortised when the related revenues are recognised, which are spread evenly over the length of the contract, typically 3 years.

The contract liabilities and contract assets have continued, as expected, to decrease in the current year, principally as new contracted business in North America has been predominantly for cloud-based solutions. Where clients contract for their services to be provided in the cloud or on our internal cloud platform, the level of hardware is significantly reduced and implementation fees are typically lower.

Transaction price allocated to the remaining performance obligations

The total amount of revenue allocated to unsatisfied performance obligations is £8.5m (FY23: £9.9m). We expect to recognise approximately £6.8m (FY23: £7.6m) in the next 12 months, £1.5m (FY23: £1.7m) in 1-3 years and the remainder in 3 years or more in time.

The amount represents our best estimate of contractually committed revenues that are due to be recognised, as we satisfy the contractual performance obligations in these contracts. A large proportion of the Group's revenue is transactional in nature or is invoiced monthly for support and maintenance and these are not included in the contract liabilities.

Prior period segment analysis	NA £'000	UK&ROW £'000	Total 2023 £'000
Segment Revenue	17,513	21,308	38,821
Gross profit	13,752	17,491	31,243
Administrative expenses	(9,350)	(16,873)	(26,223)
Operating profit	4,402	618	5,020
Adjusted operating profit	4,552	3,184	7,736
Other expenses ¹	(150)	(2,566)	(2,716)
Operating profit	4,402	618	5,020
Profit before taxation	4,371	649	5,020

Segment assets

Trade and other receivables	2,864	2,957	5,821
Prepayments and contract assets	2,503	3,454	5,957

Segment liabilities

Trade and other payables	344	2,155	2,499
Accruals and contract liabilities	7,099	6,540	13,639

Capital expenditure

Purchase of tangible assets	519	94	613
Purchase of leases	-	77	77
Purchase of intangible assets	-	570	570

Depreciation and amortisation

Depreciation of property, plant & equipment	189	454	643
Depreciation of leased assets	162	455	617
Amortisation	-	2,871	2,871

1. Other expenses comprise expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional restructuring costs.

Revenue by geography	NA £'000	UK&ROW £'000	2023 £'000
United States of America & Canada	17,513	-	17,513
UK & ROW	-	21,308	21,308
Total Revenue	17,513	21,308	38,821

Timing of revenue recognition	NA £'000	UK&ROW £'000	Total 2023 £'000
Services transferred at a point in time	3,371	3,541	6,912
Services transferred over time	14,142	17,767	31,909
	17,513	21,308	38,821

5. Profit from operating activities

	2024 £'000	2023 £'000
The Group's profit from operating activities is arrived at after charging / (crediting):		
Employee benefits expense (note 6)	14,163	14,681
Foreign currency losses / (gains)	106	(516)
Exceptional restructuring costs (note 8)	531	-
Exceptional legal fees and settlement agreements (note 9)	1,300	203
Amortisation of intangible assets (note 13)	2,995	2,871
Depreciation of property, plant and equipment (note 14)	636	643
Depreciation of leased assets (note 15)	681	617
Inventory recognised as an expense (note 18)	14	4

6. Employee benefits expense

	2024	2023
	£'000	£'000
Wages and salaries	12,756	13,814
Less: Internal development costs capitalised in the year	(840)	(544)
Social security costs	1,253	1,168
Other pension costs	223	203
Share based payments	771	40
	14,163	14,681

The remuneration of the Directors in Note 27 provides further details on the Directors' emoluments.

The average monthly number of people (including Executive Directors) employed by the Group during the year was:

	2024	2023
	Number	Number
Technical support	79	91
Customer services	31	43
Administration and management	55	54
	165	188

Excluded from the table above are 27 (2023: 28) full-time equivalent casual contact centre employees who cost £488,588 (2023: £374,563) in the year.

7. Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2024	2023
	£'000	£'000
Fees payable for the audit of the Company and consolidated financial statements	75	71
Fees payable for the audit of the financial statements of subsidiary undertakings	136	128
Total fees payable to the Group's auditors	211	199

8. Exceptional restructuring costs

The exceptional restructuring costs are presented separately as irregular costs unlikely to reoccur in the near future. The exceptional restructuring costs incurred in the financial year ended 31 March 2024 of £531k have been incurred predominantly in Eckoh UK (£405k), with £127k incurred in Eckoh US. The restructuring costs relate to employees who previously delivered the large bespoke self-service projects as the business continues to focus on its SaaS-style cloud deployed products. In addition, there were a number of the UK Sales team who were made redundant, with the shift in focus to the US market and operating as a global team. There were no exceptional restructuring costs incurred in the financial year ended 31 March 2023.

9. Exceptional legal fees and settlement agreements

In the financial year ended 31 March 2024 legal fees and settlement agreements of £1,300k (FY23: £202k- settlement income of £950k received was netted off against legal fee expenses), have been incurred regarding commercially sensitive matters which are required to be kept confidential by agreements with third parties or ongoing legal negotiations.

10. Finance income and finance charges

	2024	2023
	£'000	£'000
Interest receivable		
Bank interest receivable	234	53
	234	53
	2024	2023
	£'000	£'000
Finance expense		
Lease interest payable	(45)	(53)
	(45)	(53)

11. Taxation

	2024 £'000	2023 £'000
Tax recognised in profit and loss		
<i>Current tax expense</i>		
Current year	173	132
Adjustments in respect of prior periods	(111)	18
	62	150
<i>Deferred tax credit</i>		
Origination and reversal of temporary differences	(1,282)	746
Adjustments in respect of prior periods	48	(409)
Foreign exchange translation	-	-
Effect of tax rate change	63	(104)
	(1,171)	233
Total tax (credit) / charge	(1,109)	383

A credit of £581k (2023: £nil) for deferred taxation in relation to share options was recognised directly in equity.

The tax (credit) / charge for the year is different to the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £'000	2023 £'000
Continuing operations		
Profit before taxation	3,435	5,020
Profit multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	859	954
Additional foreign tax (received) / suffered	(56)	28
Effect of expenses not deductible for tax purposes	72	18
Non-taxable income	-	(6)
Adjustments in respect of prior periods (current and deferred)	(63)	(391)
Movement on deferred tax not previously recognised	(1,831)	(85)
Impact of change in tax rate on opening deferred tax	64	-
Impact of difference between current and deferred tax rates	-	(12)
Deferred tax impact of share options	(154)	(123)
Tax (credit) / charge for the year	(1,109)	383

The 2021 Finance Bill was substantively enacted on 24 May 2021. The main rate of UK corporation tax increased from 19% to 25% with effect from 1 April 2023. The Group's UK deferred tax assets and liabilities have been calculated at 25% in financial year to 31st March 2024 (FY23: 25%).

Recognition of deferred tax assets and liabilities

	Assets		Liabilities	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Short term timing differences	1,073	183	(144)	(283)
Tax losses	1,325	997	-	-
Property, plant and equipment	2	206	(226)	(198)
Intangible assets	-	-	(1,678)	(2,304)
Tax assets and liabilities	2,400	1,386	(2,048)	(2,785)
Offset	(1,830)	(1,257)	1,830	1,257
Total assets and liabilities after offset	570	129	(218)	(1,528)

Included in the deferred tax asset is £75k (FY23: £nil) which relates to the Company. Deferred tax assets and liabilities have been offset where they relate to Companies' resident in the same tax jurisdiction and are expected to be realised on a net basis.

Movement in deferred tax balances during the year

	2024 £'000	2023 £'000
Balance at 1 April	(1,399)	(1,194)
Recognised in income statement	1,171	(233)
Recognised in equity	581	-
Other – Forex	(1)	28
Balance at 31 March	352	(1,399)

Unrecognised deferred tax assets

There are unprovided deferred taxation assets in respect of tax losses totalling (gross) £30,619k (2023: £37,711k). These have arisen in respect of trading and non-trading losses of £1,761k (2023: £8,853k) and in respect of capital losses of £28,858k (2023: £28,858k). The historic non-trading losses in Eckoh plc have not been recognised for deferred tax purposes as a result of the conditions restricting their use. The capital losses have not been recognised due to restrictions over their utilisation. There is no expiry date on the non-trading losses or the capital losses carried forward.

12. Earnings per share

The basic and diluted earnings per share are calculated on the following profit and number of shares. Earnings for the calculation of earnings per share is the net profit attributable to equity holders of the Company.

	2024 £'000	2023 £'000
Earnings for the purposes of basic and diluted earnings per share	4,544	4,637
Earnings for the purposes of adjusted basic and diluted earnings per share	6,387	5,802

Reconciliation of earnings for the purposes of adjusted basic and diluted earnings per share.

	2024 ¹ £'000	2023 ¹ £'000
Earnings for the purposes of basic and diluted earnings per share	4,544	4,637
Taxation	(1,109)	383
Amortisation of acquired intangible assets	2,479	2,473
Expenses relating to share option schemes	771	40
Exceptional restructuring costs	531	-
Exceptional legal fees and settlement agreements	1,300	203
Adjusted profit before tax	8,516	7,736
Tax charge based on standard corporation tax rate of 25% ¹ (2023: 25%)	(2,129)	(1,934)
Earnings for the purposes of adjusted basic and diluted earnings per share	6,387	5,802

1. Majority of Group taxable profit is taxed at 25% whether in the UK or in the US with a combination of Federal tax and State tax.

	2024 '000	2023 '000
Denominator		
Weighted average number of shares in issue in the period	292,921	292,893
Shares held by employee ownership plan	(2,587)	(2,338)
Shares held in Employee Benefit Trust	-	-
Number of shares used in calculating basic earnings per share	290,334	290,555
Dilutive effect of share options	13,459	9,210
Number of shares used in calculating diluted earnings per share	303,793	299,765

	2024 pence	2023 ¹ pence
Profit per share		
Basic earnings per 0.25p share	1.56	1.58
Diluted earnings per 0.25p share	1.50	1.55
Adjusted earnings per 0.25p share	2.20	1.98
Adjusted diluted earnings per 0.25p share	2.10	1.94

1. Remeasured for tax rate of 25%

13. Intangible assets

Group	Goodwill	Computer software	Customer relationships	Intellectual property	Trade name	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	26,422	4,660	15,980	7,688	383	55,133
Additions	-	559	-	11	-	570
Foreign exchange	152	4	150	8	16	330
At 31 March 2023	26,574	5,223	16,130	7,707	399	56,033
Additions	-	869	-	-	-	869
Foreign exchange	(50)	(1)	(47)	-	(5)	(103)
At 31 March 2024	26,524	6,091	16,083	7,707	394	56,799
Accumulated amortisation						
At 1 April 2022	-	3,181	4,312	7,594	382	15,469
Charge for the year	-	371	2,473	27	-	2,871
Foreign exchange	-	4	151	22	16	193
At 31 March 2023	-	3,556	6,936	7,643	398	18,533
Charge for the year	-	516	2,479	-	-	2,995
Foreign exchange	-	(1)	(57)	-	(5)	(63)
At 31 March 2024	-	4,071	9,358	7,643	393	21,465
Carrying amount						
At 31 March 2024	26,524	2,020	6,725	64	1	35,334
At 31 March 2023	26,574	1,667	9,194	64	1	37,500

The Company has no intangible assets. (2023: £nil).

Within the intangible category of computer software in the above table, is internally developed computer software. As at 31 March 2024 this had a net book value of £2,020k (2023: £1,653k).

Amortisation of acquired intangible assets relating to Customer Relationships is included in the charge for the year in the above table was £2,479k (2023: £2,473k).

On an annual basis an impairment review of Goodwill is undertaken to determine a value in use calculation for each cash generating unit (CGU) using cashflow projections. Management have identified the CGUs as North America (NA) and UK & Rest of World (UK & ROW) in the current year and in the prior year. Management have performed a profitability forecast for the next five years for each of the CGUs, which are based on the latest three-year plan approved by the Board, and thereafter increased by an annual and longer term growth rate. Management is satisfied that the carrying value of goodwill and other intangible assets are supported based on the expected performance of the CGUs.

Goodwill acquired through business combinations have been allocated to the following CGUs:

- North America (NA)
- UK & Rest of World (UK & ROW)

These represent the lowest level within the Group at which Goodwill is monitored for internal management purposes.

	Goodwill 31 March 2024 £'000	31 March 2024 Revenue growth rate %	31 March 2024 Discount rate %	Goodwill 31 March 2023 £'000	31 March 2023 Revenue growth rate %	31 March 2023 Discount rate %
NA	19,867	12%	13.9%	20,069	12%	13.9%
UK & ROW	6,657	5%	13.9%	6,505	1%	13.9%
Total	26,524			26,574		

No impairment has been recorded in the current year for NA or UK& ROW. The main assumptions which related to sales volume, selling prices and cost changes, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecasts is based on a market participant's pre-tax weighted average cost of capital adjusted for the specific risks in the CGUs. Growth rate used to extrapolate beyond the plan year and terminal values are based upon minimum expected growth rates of the individual businesses.

Sensitivity to the changes in assumptions

No impairment in the carrying values would be required if forecast revenues fell by 60% for NA, and if forecast revenues fell by 10% for UK & ROW. This sensitivity is before any remediation activities available to Management.

14. Property, plant and equipment

	Leasehold improvements £'000	Land and buildings £'000	Fixtures and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2022	29	3,207	8,692	-	11,928
Additions	-	-	178	435	613
Foreign exchange	-	2	341	-	343
Disposals	-	-	(287)	-	(287)
At 31 March 2023	29	3,209	8,924	435	12,597
Additions	-	-	690	-	690
Transfer from assets under construction	-	-	435	(435)	-
Foreign exchange	-	-	(64)	-	(64)
At 31 March 2024	29	3,209	9,985	-	13,223
Accumulated depreciation					
At 1 April 2022	29	341	7,369	-	7,739
Charge for the year	-	43	600	-	643
Foreign exchange	-	1	320	-	321
Disposals	-	-	(287)	-	(287)
At 31 March 2023	29	385	8,002	-	8,416
Charge for the year	-	43	593	-	636
Foreign exchange	-	-	(51)	-	(51)
At 31 March 2024	29	428	8,544	-	9,001
Carrying amount					
At 31 March 2024	-	2,781	1,441	-	4,222
At 31 March 2023	-	2,824	922	435	4,181

The land and buildings are held by the Company. The gross book value as at 31 March 2023 was £3,209k (2022: £3,207k). The net book value at 31 March 2024 was £2,781K (2023: £2,824k). This is the only property, plant and equipment held by the Company.

Assets under construction are assets relating to a US data centre, as at 31 March 2023 the assets were not yet being utilised. During the financial year ended 31 March 2024 these assets were fully utilised and the project has been completed.

15. Leases

The Group enters into leases of buildings in relation to offices in the US. In addition, in the UK the Group leases equipment either in the datacentres or in the offices.

Right-of-use assets	Buildings £'000	Equipment £'000	Total £'000
Cost			
At 1 April 2022	1,319	1,170	2,489
Additions	-	77	77
Foreign exchange	36	-	36
Lease extinguishment	(219)	-	(219)
At 31 March 2023	1,136	1,247	2,383
Additions	-	478	478
Foreign exchange	(6)	-	(6)
At 31 March 2024	1,130	1,725	2,855
Accumulated depreciation			
At 1 April 2022	327	646	973
Charge for the year	226	391	617
Foreign exchange	17	-	17
Lease extinguishment	(219)	-	(219)
At 31 March 2023	351	1,037	1,388
Charge for the year	226	455	681
Foreign exchange	(2)	-	(2)
At 31 March 2024	575	1,492	2,067
Carrying amount			
At 31 March 2024	555	233	788
At 31 March 2023	785	210	995

In some cases, the contracts entered into by the Group include extension options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised, the additional period is included in the lease term.

	2024 £'000	2023 £'000
Lease liabilities		
Current	485	482
Non-current	344	569
	829	1,051

	2024 £'000	2022 £'000
Lease interest and expenses		
Interest expense (included in finance costs)	(45)	(53)
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	(12)	(11)

The total cash outflow for leases in 2024 was £745k (2023: £617k), made up of principal lease payments of £700k (2023: £564k) and lease interest payments of £45k (2023: £53k).

The Company does not hold any leased assets (2023: £nil).

16. Investments in Group companies

	Shares in subsidiary undertakings	Other investments	Total
	£'000	£'000	£'000
At 1 April 2022	52,229	6,389	58,618
Disposals ¹	-	(101)	(101)
At 31 March 2023	52,229	6,288	58,517
Additions	-	776	776
At 31 March 2024	52,229	7,064	59,293
Accumulated Impairment			
At 1 April 2022 and at 31 March 2023 and 2024	(6,989)	-	(6,989)
Net Book Value			
At 31 March 2024	45,240	7,064	52,304
At 31 March 2023	45,240	6,288	51,528

1. The disposal relates to the net share options credit in the year.

The Directors have assessed the carrying values of the Company's investments and concluded that no impairment triggers exist that would require the Company's investments to be impaired.

Other investments represent additional investments in Eckoh UK Limited as a result of the share based payment arrangements in place. As the Company grants options over its shares to employees of Eckoh UK Limited, the Company records an increase in its investment in Eckoh UK Limited, the details of which are disclosed further in note 25 of the consolidated financial statements.

17. Investment in subsidiary undertakings

The Company has the following investments in subsidiaries, which are included in the consolidated financial statements:

Subsidiary undertakings	Country of incorporation	Principal activities	Percentage of share capital held
Eckoh UK Limited	England and Wales (ii)	Customer Engagement Data Security Solutions	100%
Veritape Limited	England and Wales (ii)	Non-trading	100%
Eckoh Inc	United States of America (iii)	Customer Engagement Data Security Solutions	100%
Eckoh France SAS	France (iv)	Non-trading	100%(i)
Eckoh Enterprises Limited	England and Wales (ii)	Dormant	67% & 33%(i)
Eckoh Projects Limited	England and Wales (ii)	Non-trading	100%
Avorta Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Technologies Limited	England and Wales (ii)	Dormant	100%(i)
Intelliplus Group Limited	England and Wales (ii)	Dormant	100%
Intelliplus Limited	England and Wales (ii)	Non-Trading	100%(i)
Medius Networks Limited	England and Wales (ii)	Non-Trading	100%(i)
Telford Projects Limited	England and Wales (ii)	Dormant	100%
Swwwoosh Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Omni Ltd	England and Wales (ii)	Non-Trading	100%
Syntec Holdings Limited (v)	England and Wales (ii)	Non-Trading	100%
Syntec Limited (v)	England and Wales (ii)	Trading	100%
Syntec Investment Limited (v)	England and Wales (ii)	Non-Trading	100%
Agentcall Limited (v)	England and Wales (ii)	Dormant	100% (i)
CardEasy Limited (v)	England and Wales (ii)	Dormant	100% (i)
Response Track Limited (v)	England and Wales (ii)	Dormant	100% (i)
Syntec Telecom Limited (v)	England and Wales (ii)	Dormant	100% (i)
Synpbx Limited (v)	England and Wales (ii)	Dormant	100% (i)

(i) Share capital held by a subsidiary undertaking.

(ii) The registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

(iii) The registered office is 7172 Regional Street. #431, Dublin, California 94568.

(iv) The registered office is Rue De La Vieille Poste Parc, Industriel et Technologique de la Pompignane, 34000 Montpellier.

(v) Acquired as part of the acquisition of Syntec Holdings Limited.

All companies hold Ordinary Class Shares and have March year-ends, with the exception of Veritape, which has a September year end. Information in relation to geographical operations is set out in note 4.

The subsidiary undertakings Eckoh Omni Limited (registered number: 07553916), Syntec Holdings Limited (registered number: 04690987), Syntec Investments Limited (registered number: 10385059) are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act, as this Company has guaranteed the subsidiary companies under Section 479C of the Act.

18. Inventories

	GROUP	
	2024	2023
	£'000	£'000
Finished goods	216	254
	216	254

The cost of inventory recognised as an expense during the year was £14k (2023: £4k). The Company does not hold any inventory (2023: £nil).

19. Trade and other receivables

	GROUP		COMPANY	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Current assets				
Trade receivables	6,699	5,219	-	-
Less: Loss allowance	(63)	(68)	-	-
Net trade receivables	6,636	5,151	-	-
Other receivables	2,289	670	-	-
Prepayments and contract assets	3,674	5,957	62	34
	12,599	11,778	62	34
Long-term debtor				
Amount receivable from subsidiary undertakings	-	-	4,220	4,297
	-	-	4,220	4,297

Trade receivables are stated after loss allowance of £63k (2023: £68k).

Included in Other receivables is £1,365k (2023: nil) equal to the amount held in note 22 Provisions for liabilities.

Included in prepayments and contract assets is £973k (2023: £2,364k) relating to accrued income.

Amounts receivable from subsidiary undertakings are unsecured, due in 3-5 years and have an interest rate of 1.35% to 4.66%.

No expected credit loss has been calculated for the amount receivable from subsidiary undertakings, as the Directors expect the full amount to be recoverable.

	GROUP		GROUP	
	Gross carrying amount - trade receivables		Expected loss rate	
	2024	2023	2024	2023
	£'000	£'000	%	%
Gross trade receivables – ageing				
Current	4,664	4,273	0.0%	0.0%
1-30 days	1,164	607	0.0%	0.1%
31-60 days	472	103	0.0%	0.5%
61-90 days	157	83	0.0%	0.0%
Over 90 days	242	153	25.9%	43.3%
	6,699	5,219	0.9%	1.3%

The Directors consider that the carrying value of the trade and other receivables approximate to their fair value.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade and other receivables. Concentrations of credit risk with respect to trade

receivables are limited due to working capital practices of the market sector and the Group as well as the nature of the Group's customer base. The reputable nature of the Group's current customer base limits exposure to credit risk.

20. Cash and cash equivalents

	GROUP		COMPANY	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Sterling	6,697	5,005	6,544	4,807
Euro	73	90	-	-
US dollars	1,539	645	805	415
	8,309	5,740	7,349	5,222
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Floating rate	6,697	5,005	6,544	4,807
Euro	73	90	-	-
US dollars	1,539	645	805	415
	8,309	5,740	7,349	5,222

Cash and cash equivalents comprise cash held by the Group. Surplus cash is placed in an interest-bearing account. The average interest rate on the interest-bearing account during the year was 4.70% (2023: 2.14%).

The Group's financial risk management is disclosed in note 3.

21. Trade and other payables

	GROUP		COMPANY	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade payables	1,727	1,271	22	19
Other payables	301	289	-	-
Other taxation and social security	1,084	995	-	-
Amounts payable to subsidiary undertakings	-	-	28,977	31,515
Accruals and contract liabilities	11,244	13,635	18	21
	14,356	16,190	29,017	31,555

As set out in note 4, £1.7 million (2023: £2.3 million) of the contract liabilities are due in more than one year.

Included in accruals and contract liabilities is £2,762K (2023: £3,726k) relating to accrued liabilities.

All of the amounts above are payable within one year and trade payables that are more than three months old at the year-end represent £24,000 (2023: £13,000).

Amounts payable to subsidiary undertakings are unsecured, payable on demand and interest-free.

The Group's exposure to liquidity risk is disclosed in note 3.

22. Provisions for liabilities

	Other provision £'000	Total £'000
At 1 st April 2023	-	-
Additional provision	1,365	1,365
At 31 March 2024	1,365	1,365
At 31 March 2024		
Current	1,365	1,365
Non-current	-	-
	1,365	1,365

A provision is required for a current liability to HMRC for PAYE tax and NI relating to Share Options following the acquisition of Syntec Limited. The potential liability was identified as part of the due diligence for the acquisition of Syntec Limited and an amount retained from the Sale proceeds is held in escrow until the liability was agreed with HMRC. Included in Other receivables in Note 19 is an equal and opposite debtor for the amount to be recovered from escrow which is deemed to be virtually certain.

23. Called up share capital and share premium account

Allotted called up and fully paid

Share type	Number of shares	Nominal value £'000	Share Premium £'000
Ordinary Shares of 0.25p each			
At 1 April 2023	292,909,261	732	22,180
Shares issued under the share option schemes	40,000	-	-
At 31 March 2024	292,949,261	732	22,180

All Ordinary Shares in issue are fully paid. The holders of the Ordinary Shares are entitled to receive dividends, if declared, and are entitled to vote at general meetings of the Company. Potential Ordinary Shares are disclosed in note 25.

24. Other Interest-bearing loans & borrowings

	Bank Loans £'000
At 1 April 2023	-
Repaid during the year	-
At 31 March 2024	-

Loans and borrowings

Eckoh plc has a £5.0 million Revolving Credit Facility (RCF) with Barclays Bank. The RCF is for a term of three years from December 2021, interest is 2.5% above the Bank of England base rate and there is a non-utilisation fee of 0.88%.

As at 31 March 2024, there was no debt drawn under the RCF.

25. Share based payments

The Eckoh plc Share Option Scheme ('the Scheme') was introduced in November 1999 and re-approved by the Board in the year ended 31 March 2018. Under the Scheme, the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the Scheme become exercisable subject to the share price exceeding RPI plus 15% after the third anniversary of the grant date. Exercise of an option is subject to continued employment, with certain exceptions, as specified in the Scheme rules.

The Eckoh plc Share Incentive Plan ("the Plan") was introduced in September 2016. The Plan provides employees with the opportunity to acquire shares in Eckoh plc. Shares are purchased on behalf of the employee from amounts sacrificed from their salary on a monthly basis and matched on a two for one basis by the company. Any shares acquired will be held in a trust in accordance with the terms of the Plan. In order to maximise the tax benefits available, the employee must remain employed with the company and hold the shares within the Trust for a minimum of five years.

The Eckoh plc Performance Share Plan ("the PSP") was introduced in November 2017, following approval by Shareholders at the

2018 AGM. The Awards granted in FY22, FY23 and FY24 are included in the Remuneration Committee report on page 32. During the financial year, awards have been granted to Senior Management, key employees and the Executive Directors. The PSP awards granted to Management are subject to a Total Shareholder Return performance condition, measured over a 3-year performance period, the PSP awards granted to the Executive Directors are subject to both a Total Shareholder Return and Adjusted Earnings per Share performance condition, measured over a 3-year performance period. Awards made in FY22 to two Syntec Directors are subject to both a Total Shareholder Return and Adjusted Earnings per Share performance condition, measured over a 3-year performance period.

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees who enrol in the 2019 Sharesave Scheme are granted an option to purchase up to a number of Ordinary Shares. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

The fair value of share options granted under the Scheme and the PSP were measured using the QCA-IRS option valuer based on the Monte-Carlo valuation models, taking into account the terms and conditions upon which the grants were made. The fair value per option granted and the assumptions used in the calculation are as follows:

	23 Mar 2016	31 Mar 2017	21 Jun 2017	23 Jul 2018	24 Jun 2021	10 Jan 2022	10 Mar 2022	20 Jul 2022	20 Jul 2022	21 Jun 2023	21 Jun 2023
Share price (pence)	43.50	39.50	47.50	37.81	63.50	50.00	43.00	44.00	40.57	38.50	38.50
Exercise price (pence)	43.50	39.50	47.50	-	-	0.25	-	0.25	-	0.25	-
No. of employees	8	6	1	10	43	2	74	2	3	2	64
Shares under option	1,050,000	1,200,000	500,000	525,000	1,999,139	1,940,428	6,406,042	2,407,541	180,000	1,500,000	4,075,000
Vesting period (years) ²	3	3	3	3	3	3	3	3	3	3	3
Expected volatility	32%	35%	35%	47%	30%	30%	30%	33%	33%	34.62%	34.61%
Option life (years) ³	10	10	10	10	10	10	10	10	10	10	10
Risk free rate	0.78%	0.56%	0.56%	0.56%	0.18%	0.91%	1.36%	1.94%	1.94%	4.93%	4.93%
Expected dividends expressed as a dividend yield	0.89%	1.14%	1.22%	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value per option (pence)	12.00	11.0	10.6	16.00	23.90	18.4+ 49.76	20.48 ¹	22.3+ 43.76	25.0	20.6+ 38.28	23.07 23.28

1. Included in the Share options granted on 10 March 2022 are 1,000,000 awards made to Directors, which have a fair value of 17.69 pence (50% TSR) and 42.76 pence (50% adjusted eps).
2. Vesting period is the expected life of the Share options.
3. Option life is the last exercise date under the Plan Rules.

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The fair value of share options granted under the Share Incentive Plan (SIP) was measured using the valuation model. The number of share options in the SIP as at 31 March 2024 was 2,579,832. The charge for the year was £98k (2023: £98k).

The assumptions used in the US Sharesave Scheme fair value calculation are as follows:

Commencement date	1 Dec 2021	1 Dec 2022
Share price (pence)	41.5	36.0
Exercise price (pence)	35.3	30.6
Number of employees	12	10
Shares under option	54,715	52,172
Vesting period (years)	2.00	2.00

A reconciliation of option movements over the year to 31 March 2024 and 31 March 2023 is shown below:

	2024		2023	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 April	21,644,689	11.38	25,618,344	17.74
Granted	6,690,957	2.04	3,303,254	4.61
Exercised	(993,728)	26.67	(205,229)	20.81
Lapsed	(2,243,733)	29.17	(6,000,000)	0.25
Forfeited	(577,821)	0.19	(1,071,680)	0.24
Outstanding at 31 March	24,520,364	6.85	21,644,689	11.38
Exercisable at 31 March	4,521,364	31.21	6,538,084	33.83

Range of exercise prices (pence)	Weighted average exercise price (pence)	Number of shares (000's)	2024 Weighted average remaining life		Weighted average exercise price (pence)	Number of shares (000's)	2023 Weighted average remaining life	
			Expected	Contractual			Expected	Contractual
0 - 0.5	0.23	20,722	1.23	1.23	0.23	15,966	1.71	1.71
35.0 - 40.0	38.61	1,763	2.37	2.37	39.17	2,731	3.04	3.56
40.5 - 45.0	43.31	1,124	0.08	1.92	43.37	1,937	0.10	2.97
46.5 - 48.5	47.52	605	-	2.66	47.54	633	-	3.34
50.0 - 54.5	52.69	119	0.34	0.34	52.58	152	0.77	0.77
55.0 - 59.5	56.00	49	-	-	56.00	60	0.67	0.67
60.0 - 64.0	62.53	138	0.06	0.06	62.58	166	0.47	0.47

The total charge for the year relating to employee share-based payment plans was £771,000 (2023: £40,000), all of which related to equity-settled share-based payment transactions. Included in the charge is a fair value share-based payment charge of £776,000 (2023: £102,000 charge) offset by a credit of £5,000 for the employer's NI accrual.

26. Pension commitments

The Group operates a group personal pension scheme and, in addition, the subsidiary company Eckoh UK Limited operates a defined contribution pension scheme. The assets of the pension schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds. There were no outstanding or proposed contributions at the balance sheet date.

27. Related party transactions

Eckoh plc is the parent and ultimate controlling company of the Eckoh Group, the consolidated financial statements of which include the results of the subsidiary undertakings set out in note 17.

Each subsidiary is 100% owned by the Eckoh Group and is considered to be a related party.

There is one Director accruing benefits under the pension scheme. Employer pension contributions were £20k (2023: £20k). One Director has elected to have all his Company pension contributions added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

During the years ending 31 March 2024 and 2023 the Executive Directors did not exercise Share options.

The following table sets out the single figure of total remuneration for Directors for the financial year ended 31 March 2024 and 2023:

	Base salary/fees		Benefits ¹		Pension		Annual bonus		Aggregate Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executive Directors										
Chrissie Herbert	204	196	15	14	20	20	28	61	267	291
Nik Philpot ²	349	339	19	18	-	-	44	96	412	453
Non-Executive Directors										
David Coghlan	37	38	-	-	-	-	-	-	37	38
Christopher Humphrey	69	66	-	-	-	-	-	-	69	66
Guy Millward	40	38	-	-	-	-	-	-	40	38
Total	699	677	34	32	20	20	72	157	825	886

1. Benefits include car allowance, healthcare cover and death in service.

2. N Philpot has elected to have all his Company pension contribution added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

Rented apartment

An apartment owned by a Director, Nik Philpot, is rented to Eckoh Group for use by company employees when on business. The rent is paid on a monthly basis and was charged at comparable market rates. The expense in the year was £18,000 (2023: £18,000). The amount outstanding to them at the end of the current year was £Nil (2023: £Nil). There were no amounts written off in the current or prior year.

28. Cash generated from operations

	2024	2023
	£'000	£'000
Profit for the financial year	4,544	4,637
Finance income	(234)	(53)
Finance charges	45	53
Taxation	(1,109)	383
Depreciation of property, plant and equipment	636	643
Depreciation of leased assets	681	617
Amortisation of intangible assets	2,995	2,871
Exchange differences	36	(516)
Expenses relating to share option schemes	771	40
Operating profit before changes in working capital and provisions	8,365	8,675
Decrease in inventories	38	14
(Increase) / Decrease in trade and other receivables	(821)	505
Decrease in trade and other payables	(1,834)	(2,238)
Increase in provisions	1,365	-
Cash generated from operations	7,113	6,956

Shareholder information

Dealings permitted on the Alternative Investment Market (AIM) of the London Stock Exchange.

Directors and Company Secretary

C.J. Humphrey - Non-Executive Chairman

G.L. Millward - Non-Executive Director

N.B. Philpot – Chief Executive Officer

C.G. Herbert – Chief Financial Officer and Company Secretary

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